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FLAT GLASS



Investigation into an Alleged Combine in Ontario and Quebec
in connection with the Distribution and
Sale of Flat Glass



REPORT OF COMMISSIONER, COMBINES INVESTIGATION ACT
DEPARTMENT OF JUSTICE
OTTAWA, DECEMBER 13, 1949

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L. Ph.,
KING'S PRINTER AND CONTROLLER OF STATIONERY,
1949

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in connection with the Distribution and
Sale of Flat Glass



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OTTAWA, DECEMBER 13, 1949



FLAT CLASS



Investigation into the effects of the 1978-79
winter on the fishery and
the fishery industry in Ontario and Quebec

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COMBINES INVESTIGATION COMMISSION

DEPARTMENT OF JUSTICE

OTTAWA

December 13, 1949.

Honourable Stuart S. Garson, K.C.,
Minister of Justice,
Ottawa.

Sir :

I have the honour to submit to you the following report of an investigation under the Combines Investigation Act into an alleged combine in the distribution and sale of flat glass. The inquiry was initiated in 1947 under Section 12 of the Combines Investigation Act and has been directed principally to the activities of associations of glass jobbers with headquarters in Toronto and Montreal during the twenty-year period ending in 1948.

Hearings were held in Toronto and Montreal before Mr. A. S. Whiteley, Deputy Commissioner, during December, 1947 and January and May, 1948. Thirty-one witnesses gave evidence during seventeen days of hearings, and those who wished to be accompanied by counsel during their appearance were afforded that opportunity.

Acknowledgment is made of the able services of Mr. Donald D. Carrick, barrister of Toronto, who was appointed by the Minister of Justice to act as counsel in the investigation. Assistance of the greatest value was given at each stage of the inquiry by Mr. F. C. Gascoigne of the staff of the Combines Investigation Commission.

After the presentation of evidence and submissions in the hearings, counsel for the Commission prepared at my request a detailed statement summarizing the evidence and indicating its effect. I then sent this statement to those affected as notice of the matters alleged. At the same time the companies and individuals concerned were invited to reply or to supplement in any way evidence or representations given earlier, and June 21, 1948, was set for the hearing of oral or written argument. They requested, and were granted, a postponement to September 14 in order to prepare their submissions, and on that day they were given full opportunity to make their representations. By arrangement among those concerned their counsel appeared at joint hearings but, except in a limited way in the case of one company, made no substantial representations directed to the facts of the case as set out in the notice which had been given. Their principal argument was that their clients had not been given the "full opportunity to be heard" which is contemplated by Section 13 of the Inquiries Act, inasmuch as they had not been permitted to see all the documentary and oral evidence received at the private hearings or to cross-examine all witnesses. A limited exchange of evidence had been made previously among certain of the companies themselves. An adjournment was proposed to give an opportunity for such further exchange as they might arrange. Access could not be given to all the documentary and oral evidence obtained in the inquiry without making available to the members of the alleged combine private information about the business of individual firms, including that of small competitors and others. After careful consideration of the representations made on September 14, and after consultation with the law officers of the Department of Justice, I decided that reasonable notice had been given of the matters alleged and

that those involved had been given full opportunity to be heard. The date of October 25 was therefore set for further hearings. At the second hearings counsel appeared and reiterated their former argument but made no further representations on the matters set out in the statement of Commission counsel.

Subsequently the companies concerned brought action in the Supreme Court of Ontario against the Attorney General of Canada and the Commissioner for a declaration of their rights and, pending such declaration, for an interlocutory injunction restraining the Commissioner from transmitting to the Minister of Justice a report of the investigation other than an interim report. The application for an interlocutory injunction was refused by Mr. Justice MacKay of the Supreme Court of Ontario, who said in an oral judgment that it had not been contended that the Commissioner had acted unfairly or partially and that, in his opinion, under the statute the procedure adopted by the Commissioner is final and not reviewable in legal proceedings. He added that it was clear that the applicants had received reasonable notice of the allegations against them and that he must construe opportunity to be heard as meaning an opportunity to be present and to make such statement referable to the allegations as the applicants saw fit. Counsel for the applicants had contended that they were entitled to see and examine all the evidence. Mr. Justice MacKay said that he was of the opinion that the statute did not warrant so wide an interpretation. The action for a declaration of rights was not dealt with at that time and is still pending.

In view of the delay that has already taken place in completion of this inquiry, I believe that it is in the public interest that the investigation should now be concluded by the transmission of the report. I am advised by counsel that there is no legal impediment to this course. Section 27 (1) of the Act requires that on completion of a report it shall be transmitted to the Minister without delay.

Yours faithfully,

F. A. McGREGOR,

Commissioner

Combines Investigation Act

REPORT TO THE MINISTER OF JUSTICE

I. INTRODUCTION

This report is concerned primarily with restrictive arrangements of an association of glass jobbers in Ontario and Quebec. These arrangements were developed and applied during a considerable period prior to the war. The organization was maintained during the price-control period and as soon as price ceilings were lifted active steps were taken to re-establish and continue the practices. The record thus embraces activities over many years and enough background information has been included to show the origin and development of the various trade arrangements, their relationship to practices in the later years, the restrictions on supply which have resulted from international cartels, and the changes which took place during the war period.

1. Description and Uses of Flat Glass

The two leading products of the flat glass industry are window glass and plate glass. Other types of sheet glass, structural glass such as "Vitrolite" and "Marmorite", glass blocks, wired, figured, rolled and cathedral glass are also of importance. Products made from flat glass include laminated or safety glass, mirrors and stained and painted glass windows. These flat glass products have their principal uses in building construction, the repair and maintenance of existing buildings, the manufacture of automobiles, and the manufacture of mirrors.

2. Sources of Supply

Until 1941 there had not been any substantial manufacture of window glass in Canada. Factories which had formerly existed at Thorold and Hamilton, Ontario, had been shut down in 1924 and 1922 respectively. Industrial Glass Works Limited, an independent Canadian firm, began production in 1941 at St. Laurent, P.Q., and continued except for a period in 1944 when a serious fire destroyed the factory. At the time of the investigation it was producing considerable quantities. Since that time however, newspaper reports indicate that it has been acquired by Pittsburgh Plate Glass Company, a leading United States manufacturer which is also acquiring control of Hobbs Glass Company. Other press reports say that Pilkington Brothers (Canada) Limited are currently planning a Canadian factory.

During the last two decades, however, Canada has been a considerable importer of window glass produced in Belgium, the United Kingdom and the United States. In the period 1933 to 1946 inclusive, annual imports averaged 42.5 million square feet in quantity and over \$2,000,000 in value. Imports in 1947 and 1948 were considerably higher at 70.2 and 96.3 million square feet with a value of \$4,700,000 and \$6,500,000 respectively. Prior to the war Belgium was the largest supplier and the United Kingdom the next. Czechoslovakia was the third, and the remaining supplies came from several other countries. After supplies from the European mainland were cut off in 1940, the United Kingdom supplied almost all the window glass used in Canada for the three years 1941 to 1943, the United States entering the market with

substantial quantities to provide the balance. In 1944 these two countries shared the market fairly evenly and in 1945 the United States supplied the larger amount. In 1946 and succeeding years Belgian and Czechoslovakian supplies reached the Canadian market, and while Britain increased her exports to Canada to hold her traditional share of the market, the United States supplies fell off and in 1948 amounted to less than one-fifth of the total. ⁽¹⁾

All plate glass sold in Canada has been imported, the United States, United Kingdom, and Belgium supplying the market in that order of importance. During the war Belgian supplies were cut off, but reappeared in 1946 in considerable volume. Imports from 1933 to 1946 inclusive averaged 3.8 million square feet per year in quantity and about \$1,400,000 in value. In 1947 Canadian consumption had increased to 9.4 million square feet with a value of \$3,800,000 and in 1948 the quantity and value were respectively 9.2 million square feet and \$3,400,000. ⁽²⁾

Canada has also relied upon foreign production for all other types of flat glass, which have been imported throughout the period from the same countries which have supplied the plate and sheet glass.

3. International Restrictions Affecting Plate Glass

The world output of plate glass has been produced by manufacturers which, with two or three minor exceptions, have been affiliated by common ownership, restrictive selling agreements, or cross licensing of patents. They have collaborated in the maintenance of stable conditions in the plate glass markets of the world. The leading exporters of plate glass to Canada have participated in such arrangements in respect to this market.

The European manufacturers of plate glass with a few exceptions have been associated together in the International Plate Glass Convention (Convention Internationale des Glaceries, Brussels) since 1904. The Convention was a federation of national selling agencies, which represented a number of plate glass manufacturers, and individual companies. Belgium, the most important producer of plate glass, was represented by the Union Commerciale des Glaceries Belges, which acted as the selling agency or "comptoir" for a number of the leading manufacturers in that country. Similarly, French manufacturers were represented in the Convention by their selling agency, the Comptoir Français d'Exportations de Glaces. Manufacturers from other countries, usually affiliated with the Belgian and French companies by ties of ownership, were also represented by comptoirs or were members in their own right. Companies which were not members of the Convention during the period for which we have records were Pilkington Brothers Limited, the sole British producer, and Société Anonyme des Glaces de Courcelles, the European subsidiary of Pittsburgh Plate Glass Company of Pittsburgh, Pennsylvania. There were periods when small Belgian and German factories sold outside the Convention arrangements. There have also been facilities in Russia outside the Convention, but the product has not entered the Canadian market and has probably not been available for export.

Plate production in the United States has been confined to three companies since 1936, with the addition of that made by the Ford Motor Company exclusively for its own use. These three companies are Pittsburgh Plate Glass Company, Libbey-Owens-Ford Glass Company of Toledo, Ohio, and Franklin

(1) Detailed figures are to be found in Appendix I.

(2) Detailed figures are to be found in Appendix II.

Glass Corporation of Butler, Pennsylvania. The last-named company is owned by members of the European Convention. From 1935 until its dissolution in 1943, the three American companies were associated together in the Plate Glass Export Corporation. This was a selling agency organized, under the Webb-Pomerene Act, which authorizes, under certain conditions, the formation of associations of United States producers for the purpose of engaging exclusively in the export trade.

Plate glass manufacturing facilities existed in Japan. In the year 1937 some imports from that source began to appear in Canada. In 1938 these had grown to about one per cent of the plate glass imported, but in 1939 they subsided to an insignificant amount and did not reappear in subsequent years. Japan was at that time a net importer of plate.

Information obtained from the files of the Canadian Pilkington Company, supplemented to a small extent by other documentary and oral evidence obtained during the course of the inquiry, shows clearly the nature and scope of international arrangements between plate glass producers which applied to the Canadian markets during the period from 1929 to the time the inquiry was begun in 1947. Extracts from correspondence relating to these international arrangements are given in Appendix III.

On June 1, 1929, Pilkington of England entered into an agreement with the International Convention. Its principal provisions called for division of the total business in export markets between the participants on the basis of the position which each had held during the four years 1925 to 1928 inclusive and for agreement upon selling prices. Basic selling prices for Canada were then established under this agreement and the Canadian company received instructions from England not to vary these prices. The head office of the Canadian company circularized its branches giving effect to these instructions.

The establishment of prices for Canada involved agreement upon a list of preferred customers and the individual additional discounts from selling prices which were to be given to each of these customers over and above the discounts available to others. This list was known as the "Bonus List", and was considered highly confidential owing to the fact that customers which appeared on the list received varying amounts of bonus.

Because the Convention sellers had difficulty in disposing of their quota in the Canadian market, they were permitted to sell at agreed-upon discounts from the basic levels of prices.

The United States manufacturers were not parties to this agreement of 1929, and this was a matter of considerable importance to those who were. The speed of delivery and high quality of the American product would have been a strong inducement to Canadian buyers to purchase their supplies from the United States. Canada, owing to its proximity to the United States, thus became a logical market in which they might expand.

At this time Pittsburgh Plate Glass Company was the leading exporter of American plate to the Canadian market and various conversations were held between J. E. Harrison, general manager of Pilkington in Canada, and officials of Pittsburgh Plate Glass. The correspondence of Pilkington, Canada, reports that during these conversations the policy of Pittsburgh, declared by its senior officers, was to refrain from expanding its sales in Canada and from dealing with new Canadian customers. Thereafter the bonus list and amendments to it were regularly sent to Pittsburgh as were notices of price changes. Changes were acknowledged by Pittsburgh in letters expressing agreement with them. When complaints were made by the British and Convention producers that American jobbers were selling into Canada glass produced by American manufacturers, Pittsburgh undertook to do what they could to prevent such sales. All Pilkington depots received instructions about

the same time that no exports of plate were to be made from Canada to the United States, and Mr. Harrison had written assuring his parent company in England that no such exports had been made.

The underlying situation remained substantially as outlined during the years 1929 to 1934. There had been a considerable number of revisions of prices and some changes in the bonus list, all of which arose from agreement between the Convention and Pilkington and were notified to Pittsburgh. This company although not a party to the agreement acted throughout in all respects as though it were. In addition to its agreement on prices and terms and its undertaking not to expand in Canada, it also agreed verbally in 1931 to a quota of 23.5 per cent of the Canadian market. In fact this quota was exceeded, but this was explained to Mr. Harrison as resulting from the fact that Ford of Canada insisted upon thin plate of Pittsburgh origin for laminating purposes. The validity of this argument is attested by the fact that subsequent written agreements between the parties specifically excluded this thin plate, as will appear below.

Pittsburgh also acted during this period as intermediary between the associated manufacturers, as represented by Mr. Harrison, and Libbey-Owens-Ford. They undertook negotiations with this company on different occasions between 1931 and 1934 designed to bring it within the quota arrangements. These were unsuccessful at this time, although Pittsburgh were able to pass on general assurances from Libbey-Owens-Ford that this company would not disturb the Convention prices and would refrain from expanding its Canadian business.

During this period Pilkington maintained their share of the Canadian market, but the Americans increased theirs considerably at the expense of the Convention sellers. Accordingly measures were agreed between the Convention and Pilkington to correct this situation. A run-of-the-mill grade of plate known as "factory-run quality" was introduced on the Canadian market at lower prices than had been in effect, and the Belgians were permitted to increase the price differential in their favour. As time went on discussions took place with reference to the withdrawal of this quality but this did not result for some years.

In 1932 and 1933 discussions were proceeding between the associated manufacturers in Europe and the American manufacturers with regard to an overall agreement covering all the export markets of the world, including Canada. An agreement was signed on May 2, 1934, by the European and American producers, the original of which has not been available in this inquiry. A copy of an agreement conforming to this description was obtained from the files of Pilkington which bears the same date and a notation "Final with alterations". Handwritten alterations are endorsed on the copy and initials of representatives of the parties are written in by the same hand. The text of this agreement may be found in Appendix III.

The main provisions of the agreement (referred to as "declaration of policy") are summarized, particularly in so far as they concerned Canada:

Parties: Pittsburgh Plate Glass Company, Libbey-Owens-Ford Glass Company (A.M. or American manufacturers); and Convention Internationale des Glaceries and Pilkington Brothers Limited (E.M. or European manufacturers). The "constituents" of these parties were also bound.

Quotas: World markets, exclusive of the United States, to be divided into two sections, Japan and the rest of the world, on the basis of one-fifth to the Americans and four-fifths to the Europeans. These proportions were to be taken over the whole of each section but with respect to Canada there were provisos to the effect that sales of thin glass for lamin-

ating should be ignored, and that sales of the Americans should not exceed one-third of the total market. Machinery was set up for the exchange of statistics to facilitate control over quotas.

Prices : An official tariff of prices existed. Provision was made whereby a party, failing to reach its quota, might be given permission to sell at a discount from these prices.

Restriction of exports from the United States : The Americans were to use their best endeavours to restrict and if necessary prohibit exports by jobbers in the United States to other countries.

Stabilization of the markets and prevention of substitution : Any action detrimental to the arrangement in any market outside the United States was to be avoided. In particular, parties were to refrain from selling thick sheet for grinding and polishing.

Duration : Intended to remain in force until December 31, 1938, and year to year thereafter, but any party might withdraw on thirty days' notice to the others.

These provisions are largely self-explanatory. To the extent that the prohibition of exports by United States jobbers could be enforced, it prevented supplies of plate being secured by small Canadian jobbers who, because of other restrictions applicable in the Canadian market, were unable to purchase direct from the manufacturers. These Canadian buyers were eager to purchase their supplies from American jobbers when possible, and at times prices in the United States were sufficiently lower than in Canada to enable them to do so. The provision also tended to prevent shipments from secondary sources in the United States from disrupting the effective administration of the quota provisions of the agreement.

The ban on selling thick sheet for grinding and polishing gives rise to question as to the price of plate in relation to sheet glass, in view of the expense which would be involved in grinding and polishing thick sheet. In the face of the improved processes which plate manufacturers were employing, how could firms not engaged in the manufacture of glass contemplate purchasing thick sheet and setting up plants to produce plate by grinding and polishing thick sheet? It is well known that there are no important differences between plate glass and thick sheet made by improved processes except in the grinding and polishing.

This agreement remained in force until December 31, 1935 when it was replaced by another in substantially the same terms, and which may be found in Appendix III. By this time, however, the Plate Glass Export Corporation had been formed under the United States Webb-Pomerene law to represent both Pittsburgh and Libbey-Owens-Ford as well as Franklin Glass Corporation, an American subsidiary of members of the European Convention. At this time the only manufacturers outside the arrangement were one in Bavaria, another in Japan, and a third in Russia. The agreement was to remain in force until December 31, 1937 and thereafter until terminated by any party on not less than three months' notice. In October, 1937 its life was prolonged to December 31, 1938 and thereafter until terminated by three months' notice expiring on that date or on the last day in any year.

Throughout the period from the execution of the first of these two agreements to the outbreak of war, there is abundant evidence that they were in full force and effect, and that the parties were making every effort to observe their provisions. Changes in prices and in the bonus list continued to be agreed upon by all parties. Detailed statistics were exchanged between them, J. E. Harrison acting as the intermediary between the Americans and the

Europeans. The Convention had difficulty obtaining their quota in Canada and were permitted sharp price differentials to correct the situation, and Pilkington diverted to the Convention orders offered to them by Canadian customers. The Americans took strong action to prevent sales by American jobbers into Canada, including refusal to sell them when trying to buy plate for shipment to this market. The factory-run quality was withdrawn from the Canadian market. When preliminary steps were being made by outside interests in 1939 to 1940 to install a plant in Canada for grinding and polishing thick sheet glass, the associated manufacturers took counter measures to ensure that no supply of thick sheet would be obtainable.

Mention has been made of the Japanese imports in the years 1937 to 1939 inclusive. As we have seen, these attained significant volume in 1938. In August of that year the associated manufacturers introduced a fidelity arrangement applicable to British Columbia jobbers, under which these jobbers were granted an additional discount of five per cent in consideration of purchasing all their plate supplies from the cartel sellers. Japanese imports died away in 1939 and in 1940 none were recorded.

Supplies of plate glass from outside sources continued to find their way into Canada in the years 1937 to 1939, however, chiefly from American jobbers and from a German manufacturer outside the Convention. Following many efforts to prevent such shipments, the associated manufacturers adopted a new basis of sale in October 1939 which involved the establishment of higher gross prices from which the bonus discounts and a five per cent fidelity discount to firms outside of British Columbia were deductible. In June, 1940, a further discount of ten per cent was accorded to all members of the associations in Canada. A list of customers and the discounts applicable to them under this system was obtained from Pilkington, Canada, and is found in Appendix IV. Although dated June 28, 1940, this list contains revisions up to some time in 1942, and was substantially the selling basis in force at the time of the inquiry in so far as Pilkington was concerned. This selling system will be discussed in more detail in the section of the report which deals with co-operation between the manufacturers and the association jobbers.

After all imports from Continental Europe were cut off by the German invasions of 1940, Pilkington and the American companies continued to observe the agreement in so far as prices were concerned, but the quota provisions were no longer effective. On August 31, 1943, the Plate Glass Export Corporation gave formal notification of termination of the declaration of policy of December 31, 1935 and shortly afterwards the Corporation was dissolved. Nevertheless the Americans continued to sell at prices identical with the British until May, 1947, when Pittsburgh adopted a different price list apparently on their own initiative. At this time Pittsburgh still used the differential bonus and discount system, but this too they abandoned in November 1947. Pilkington's system of selling, including all the differential discounts, remained in effect during this investigation.

When the Belgians re-entered the Canadian market in some volume in 1946 they decided to depart from the pre-war system of quoting. They instructed their agent to charge all association members the same prices and gave him permission to increase these prices one or two cents per foot to non-members, although the testimony of this agent was that he did not take advantage of this condition.

It thus appears that at the time of the investigation each manufacturer was pursuing an independent policy with regard to Canadian sales of plate glass. Remnants of former agreements undoubtedly had their influence on the policy of each one, and it was still not possible for certain glass merchants

in Canada to purchase from the manufacturers. Pilkington continued to sell on the basis of sharp discriminations in price between its various customers. So long as all potential buyers are unable to secure supplies at similar prices for similar quantities it cannot be said that the Canadian plate glass market is free from restrictions upon competition arising from the manufacturers' policy towards the association glass jobbers.

4. International Restrictions Affecting Sheet Glass

International trade in sheet glass has had many characteristics in common with that in plate. Only a few countries have been seriously engaged in the export trade. Some of the dominant plate producers have also been leading manufacturers of sheet, and ties of common ownership have linked many European firms together and with the leading American companies and their affiliates. In the United States the producers of sheet have had long experience in co-operative effort. In Europe the dominant producers have been organized in strong national selling agencies for the purpose of engaging in the export trade. The licensing of process patents on a territorial basis has also assisted in maintaining co-operative relations in the export trade.

On the other hand there have always been certain European producers outside the national selling agencies, and, as well, over-capacity has at times made it difficult for the leading producers to exercise the control which they sought. The result has been that the international cartel arrangements have broken down from time to time in a resurgence of price competition. Nevertheless there has always been a tendency for all manufacturers to follow the price leadership of the Belgian exporters.

This information, which is to be found in secondary sources such as the excellent study on Flat Glass and Related Products made by the United States Tariff Commission in 1937, is confirmed by much of the documentary evidence in this inquiry. This evidence does not indicate that the Pilkington firm was a party to any of these agreements, but it does demonstrate that this company followed the price leadership of the Belgian exporters, who were parties. It also shows that when the agreements broke down, as they did in 1930 and again in 1934, a serious collapse in prices was anticipated by Pilkington and instructions were issued to their Canadian branches to liquidate stocks. No evidence was found in the inquiry to show that any international cartel agreements were in effect after 1934, but there is record of negotiations taking place in 1938 between Pilkington and other leading manufacturers with a view to reaching price agreement in respect of the Canadian market. The tenor of the documents does not indicate, however, that these negotiations met with success.

During the early war years the Canadian market was largely supplied by Pilkington, whose import prices did not change throughout the period of war-time price control. When later in the war the United States producers entered the Canadian market, their import prices were above the British prices and after the latter part of 1946, they were considerably higher. When the Belgian and Czechoslovakian exporters were again able to enter the Canadian market their prices were intermediate between the British and American. The variation in actual laid-down costs of sheet from these various sources would seem to preclude the possibility that international price agreements were in effect at the time the evidence was obtained in this inquiry or for several years before, and exporters appeared in fact to be following independent selling policies.

II. THE CANADIAN GLASS JOBBING TRADE

1. Nature and Functions of the Jobbing Trade

The leading glass companies in Canada are known as glass jobbers. In the sale of window glass some of them have performed a jobbing function, purchasing the sheet in carload lots direct from the manufacturers or through the manufacturers' Canadian agents, warehousing it and ultimately selling it to the wholesale and retail trade.

With respect to plate glass, however, they sell chiefly to users and thus are more in the position of retailers, or contractors, than of jobbers. They act as sub-contractors in the glazing of construction projects, in the installation of modern storefronts as well as in maintenance and repair work. However, the storage, stock-carrying and cutting of plate glass involves considerable space and skill and requires special facilities not usually associated with small retail business.

Many of the jobbers manufacture mirrors, which is a secondary manufacturing process consisting of cutting, bevelling, polishing and silvering glass purchased from the manufacturer. These they sell to the furniture manufacturing trade or to wholesalers or retailers in the market for mirrors. They also install them in their construction projects.

Many of the glass jobbers also do a retail business in that they sell directly to the general public and some of the smaller firms find this a very important part of their business.

It is virtually impossible to define the term "glass jobber" as applied to the Canadian trade because all the firms so described do not perform the same function. There are firms not so designated which perform all the services rendered by other companies who are considered glass jobbers, and similarly there is a great variation between the activities of the jobbers themselves. As will appear later, the real significance in the use of the term "jobber" is whether or not a glass firm is so recognized by the various manufacturers and by the jobbers' associations.

2. Glass Jobbers' Associations

Local associations of glass jobbers exist in most parts of Canada but the formal nature of their organization differs greatly in the various regions. A few, such as the association whose activities are the principal subject of this inquiry, maintain offices with full-time staff or a regular secretariat but the others appear to be informal organizations meeting when the members deem it necessary. The principal association, which includes in its membership the head offices of the leading companies, operates in Ontario and Quebec and maintains headquarters in Montreal and Toronto. As at present constituted it was established in March 1928, although it is understood to have succeeded an earlier organization of a similar type.

The secretary of the association since its inception has been W. O. Matthews of Toronto, who maintains offices in Toronto and Montreal to carry out the work of the association. The expenses of the Toronto office have been borne largely by the three large jobbers in equal amounts, the other members making relatively small contributions. In Montreal each of the four members pays a fourth share.

Affiliated with the Matthews' association are local city organizations in Ottawa and Quebec which are not directly subject to W. O. Matthews' supervision, which extends, however, to the rest of the two provinces. Other associations exist in other parts of Canada. None of these groups, however, has been subject to intensive inquiry, which has been limited to the Toronto and Montreal group.

3. Membership of the Matthews Association

Of the present members of the association, the following have participated continuously since its inception in 1928 :

Hobbs Glass Limited or its predecessor
 Pilkington Brothers (Canada) Limited
 Consolidated Glass Limited or its predecessor
 J. P. O'Shea & Company Limited
 Advance Glass & Mirror Company Limited
 Excelsior Plate Glass Company Limited
 W. E. Phillips Glass Company Limited
 Queen City Glass Company Limited
 Tait Plate Glass Company Limited

New members who have joined since 1928 and are still members, together with the year in which they joined are :

Canadian Plate and Window Glass Company Limited.... 1937
 Lloyd's Glass Company 1939

Hobbs Glass Limited. Incorporated in 1902 under the laws of the Province of Ontario, this company was then known as Hobbs Manufacturing Company Limited; its present name was adopted in 1938. It was originally established to manufacture and sell hardware and kindred goods and articles, but for many years it has been interested mainly in the glass jobbing business and allied matters. Its authorized capital stock on incorporation was \$50,000, increased in 1920 to \$1,000,000, although only \$365,000 of this had been issued by 1934, and \$375,000 by 1942.

The company has had a very successful business record. In the years from 1934 to 1946 inclusive, it has paid dividends averaging over five per cent per annum of its combined capital and surplus at the beginning of the period, and at the same time increased its earned surplus by over 20 per cent. Its sales in this period have increased six-fold and its fixed assets three-fold. Substantial reserves for depreciation and other purposes have been accumulated. The growth and country-wide scope of the company is indicated by the following list of branches as at December 8, 1947, and the year in which they were established :

Winnipeg	1906	Brantford	1928	Moncton	1946
Toronto	1911	Hamilton	1929	Three Rivers	1947
Montreal	1912	Moose Jaw	1929	Oshawa	1947
Windsor	1923	Quebec	1929	Peterborough	1947
Vancouver	1926	Victoria	1940	Kitchener	1947
Saskatoon	1928	Regina	1945	Sudbury	1947
Ottawa	1928	Fort William	1946		

The records of the company were not complete regarding the exact date of the acquisition or establishment of these branches, but the president of the company, C. F. Wood, stated that the company in establishing several of them had acquired the business or business properties of independent glass jobbers. Included among the businesses or properties so acquired were the Ontario Plate Glass Company of Hamilton, the Brant Glass Company of Brantford, Atlantic Glass Company of Montreal, Regina Glass Company of Regina, the Saskatchewan Glass Company of Moose Jaw, and Mellor Brothers of Victoria.

Atlantic Glass Company of Montreal was a member of the association for many years and in February 1937 the Montreal members discussed the advisability of disciplining this company for alleged violations of the association regulations. Shortly afterwards its properties were purchased by Hobbs Glass and the company ceased operations. Writing to C. F. Wood on February 15, 1938, W. H. Pilkington, one of the English directors and president of Pilkington, Canada, expressed his interest in learning of the acquisition by Hobbs of Atlantic and added:

"I feel sure that this further consolidation can only result in an improvement in the market conditions, particularly in Montreal, and I hope that you will find it a profitable investment."

(Exhibit A-443)

Mr. Wood replied on March 1, 1938:

"I acknowledge your letter of the 15th of February extending your good wishes for our success with the Atlantic Glass Company in Montreal. Since acquiring this business we have found that their removal from the jobbing trade will certainly improve conditions, as their business practices were anything but satisfactory."

I had a very nice visit from Mr. J. E. Harrison yesterday and he acquainted me with what information he could disclose about your acquisition of the W. E. Phillips Company. We also discussed matters of mutual interest and I feel reassured that our two companies will continue to co-operate to the fullest extent and mutual benefit of both."

(Exhibit A-444)

On October 19, 1945, Hobbs Glass, its leading shareholders, and Columbia Development Corporation of Wilmington, Delaware, entered into an agreement under which the last-named company purchased 1700 shares of the capital stock of Hobbs Glass immediately, the remaining 1774 shares to be purchased on September 1, 1950 or on any earlier date at the option of the Hobbs' shareholders. The total purchase price was about \$1,302,750, the capital paid-in plus earned surplus at this time totalling about \$900,000.

Columbia Development Corporation is a wholly-owned subsidiary of Pittsburgh Plate Glass Company. The agreement referred to provided for large loans to the Hobbs company by Columbia to enable it to distribute in Canada the Pittsburgh line of paints. These paints are made in Canada by Murphy Paint Company Limited, another subsidiary of Columbia.

Pittsburgh Plate Glass Company was the leading American participant in the plate glass cartel as it affected the Canadian market, and has a long history of close collaboration with the Pilkington companies. Pittsburgh was among a number of United States glass companies which recently accepted a consent decree ⁽¹⁾ in an anti-trust suit in which Pittsburgh, Libbey-Owens-

⁽¹⁾ U.S. v. Libbey-Owens Ford Glass Co. et al.—Final Judgment delivered October 30, 1948.

Ford and seven other manufacturers had originally been charged with conspiracy to monopolize the production, processing, distribution and sale of flat glass in the United States. The government's complaint in this case had alleged far-reaching interferences with competition both in domestic and international trade in flat glass which had been effected by price-fixing agreements, acquisition of competing concerns, discriminatory distribution policies, territorial division of markets, restrictive patent practices, devious financial controls and by other means.

Final judgment by way of consent decree does not involve admission by the defendants of the substantive allegations against them but the decree is intended to remove the cause of action by enjoining the defendants from maintaining designated restrictive agreements or practices or entering into arrangements of a similar kind in future. This usually involves a very comprehensive order covering all aspects in which undue restraints were alleged in the action. The final judgment in the flat glass case contained thirty-one sections with many detailed provisions enjoining the defendants severally and jointly from maintaining or entering into many types of arrangements which had been alleged were unduly restrictive.

The defendants were enjoined and restrained from entering into combinations in the United States market to reduce competition in specified ways, many of them similar to those which the Canadian jobbers have developed and furthered in Canada, as shown in this report. They were also enjoined from exclusive interchange of rights to patents, processes, inventions or technical information and from the acquisition of such exclusive rights. Many existing agreements were ordered to be terminated and numerous existing patents, and patents arising from pending applications, were to be freely licensed on a non-exclusive basis in some cases royalty-free and in others for reasonable royalty payment. The glass jobbers' association in the United States, the National Glass Distributors' Association, was ordered dissolved and the defendants enjoined from participating in any flat glass association for a period of five years. Provisions were made to prevent the defendants from conspiring to monopolize foreign trade as well as domestic, and to prevent further economic concentration of the industry and trade in the United States.

Pittsburgh Plate was ordered to increase the average number of establishments to which it would deliver plate, outside of the company-owned distributors, by ten per cent, and was enjoined from acquiring any further flat glass manufacturing concerns. For a period of ten years it was enjoined from acquiring any concerns engaged in the sale or installation of flat glass. This provision, however, applied only to the United States and does not apply to the consummation of the purchase of Hobbs or of Industrial Glass.

Pilkington Brothers (Canada) Limited. Although the Pilkington firm has been doing business in Canada since the end of the last century, the present company was not incorporated until November 23, 1922, when it received a Dominion charter. At that time branches were situated and have been maintained ever since at Halifax, Montreal, Toronto, Winnipeg, Calgary, Edmonton and Vancouver. It is accordingly the first and by far the senior firm to do glass jobbing business on a country-wide scale. Its principal activities at the time of incorporation were the distribution of the products of its parent company Pilkington Brothers Limited, the English flat glass manufacturer. From 1922 to 1924 it also manufactured some sheet glass at Thorold, Ontario, and also had facilities for producing wired and rolled glass. These operations, which are said to have been uneconomical, were discontinued in 1924, and have not been resumed.

In the years between 1922 and 1944 Pilkington continued to carry on its glass jobbing business with its existing facilities, except that it acquired the business of Warren Brothers at Hamilton in 1924 and opened a branch there, and in 1938 acquired the W. E. Phillips Company Limited of Oshawa, which it re-incorporated as the W. E. Phillips Glass Company Limited, with sales offices operated in conjunction with the Pilkington depots at Montreal and Toronto.

The Phillips company, up to the time of its acquisition by Pilkington in 1938, was the fourth most important glass jobber in Montreal and Toronto territories. It operated from Toronto, Montreal and Oshawa and is reported in the documents as having been active in the association. The documentary record shows that the various association members over a long period of time made many complaints against the Phillips company for alleged violations of the association price agreements. Referring to the purchase of this company in a long letter to his English principals dealing with past co-operation among jobbers, J. E. Harrison wrote on May 5, 1942 :

"W. E. PHILLIPS COMPANY.

P.B. eliminated this aggressive and ruthless competitor at considerable expense, which has been of benefit to the jobbers."

(Exhibit A-847)

On December 20, 1944, Pilkington incorporated the Tait Plate Glass Company Limited to acquire and carry on the business of the former Tait Plate and Window Glass Company, with its warehouse and processing establishment at Kitchener, Ontario. The former Tait company had been a member of the Matthews' group since 1929 and had been important in the production and sale of mirrors to furniture factories. Although Pilkington had engaged in this business and had participated in the price arrangements covering furniture mirrors, it had not engaged in silvering operations itself but had purchased its requirements from Duplate. As late as May 5, 1942, J. E. Harrison wrote to England :

"FURNITURE MIRRORS

For many years and even yet, P.B. have not aggressively sought the mirror trade in Ontario, therefore H. G. Ltd., C.P.G., Tait and others have enjoyed the bulk of this business, yet the jobbers have not bought P.B. glass for silvering. They are now, however, showing a little interest and we hope it will be possible for you to satisfy them regarding quality."

(Exhibit A-847)

The elimination of the Tait company from the field further concentrated the mirror business in the hands of the three large companies and in 1948 Pilkington opened a new plant at Leaside, Ontario, for silvering and other processing operations.

On December 10, 1946, O'Neil Glass & Paint Limited was incorporated to assume the glass jobbing business formerly carried on by the W. N. O'Neil Company (Victoria) Limited, at Victoria, British Columbia, where Hobbs Glass had earlier acquired the Mellor Brothers' business. Pilkington owned 51 per cent of the issued capital stock of the new company.

The share capital of the Edmonton Paint & Glass Company Limited was acquired by Pilkington on March 10, 1947. This company maintains offices at Edmonton and at Calgary, where it is known as The Alberta Paint and Glass Company. It has had a long existence as a glass jobber in the territory which it serves, having been established in 1912. At the time of the purchase, and for many years before, Pilkington had branches both in Edmonton and in Calgary.

Pilkington also has a considerable paint business which is carried on through a management agreement with its wholly-owned subsidiary International Varnish Company Limited, under which sales offices are maintained at each of the Pilkington depots.

In addition to the expansion which has taken place during the last ten years through the acquisition of existing business, Pilkington has also established new branches since 1946 at St. Catharines, Kingston and Fort William, Ontario and at Regina, Saskatchewan. Recent press reports say that it is planning to build a Canadian factory for the production of sheet glass.

Consolidated Glass Limited. This company was incorporated under the Dominion Companies Act on June 20, 1893. The applicants for incorporation were seven leading plate glass dealers in Canada exclusive of Pilkington and were located in Montreal, Toronto, London and Ottawa. The new company was authorized to acquire from the applicants for incorporation their plate glass stock, fixtures, plants, assets and goodwill and to import, trade and deal in plate, sheet and ornamental glass and glaziers' supplies. According to a report from the Montreal Daily Herald of August 24, 1893:

"The object in forming the trust is to reduce expenses. Owing to the severe competition which has existed in the trade for the past few years, it was deemed best to combine with this object in view, the different firms interested receiving an allotment of stock in proportion to the amount of business previously done by each. Messrs. Pilkington Bros. are not in the combine, but it is understood that they have entered into an agreement to sell at the same prices."

The authorized capital stock of the company on incorporation was \$250,000, which was increased by supplementary letters in 1916 to \$500,000 and in 1924 to \$1,000,000. In 1920 the company paid a 70 per cent stock dividend. In 1921 it invested \$150,000 in the Canadian Libbey-Owens Sheet Glass Company, and in 1922 loaned this company an amount of \$100,000.

Between 1928 and 1931 the company became interested financially in the following companies:

- Capital Glass and Paint Company Limited, Ottawa
- Slater Glass and Paint Company Limited, Niagara Falls
- Edwards Glass and Paint Company Limited, London
- Bennett Glass Company Limited, Walkerville
- Campbell Brothers Limited, Hamilton
- Cataract Glass and Paint Limited, Niagara Falls
- Auto Glass Suppliers, Toronto
- London Glass and Paint Company Limited, London.

The financial interest in some of these companies was relatively small and in others amounted to control. However, during the thirties the company was forced to retrench owing to financial losses and unsatisfactory business conditions, and disposed of many of these holdings. In 1939, it also sold its Winnipeg business, although the new owners used the name Consolidated Plate Glass Western Limited. In 1941, its wholly-owned subsidiary Capital Glass and Paint Company Limited surrendered its charter and became the company's Ottawa branch.

On January 2, 1947, supplementary letters patent were issued to the company authorizing it to change its name to Consolidated Glass Limited. As at December 13, 1947, its places of business were restricted to Toronto, Montreal and Ottawa. The company held almost the whole of the capital stock of its subsidiary company Bennett Glass Company Limited of Windsor, Ontario. It also held one-fifth of the capital stock of Campbell Glass Limited of Hamilton, a small glass jobber.

Consolidated is thus not so important a company as it once was, relative to the glass jobbing trade of Canada as a whole, but, as can be seen from the history outlined, it has nevertheless played an important part in the concentration of the trade in the past.

J. P. O'Shea and Company Limited. A Dominion company with head office and plant in Montreal, this company was incorporated in 1936 to take over and operate the business of an individual proprietorship of the same name. It has been engaged in flat glass processing and distribution and also the manufacture and sale of restaurant equipment. It does not sell flat glass in carload quantities or manufacture mirrors, but engages in storefront and glazing contracts to a limited degree. It and the remaining companies described below do not operate any branch establishments and the individual businesses are on a very much smaller scale than the three large jobbers.

H. R. Harrison, the president of the company, has been engaged in the flat glass business for many years, having spent thirty-three years with the Pilkington group of companies. This, rather than the importance of the firm which he represents, appears to be the explanation for his having been treated as one of the Principals in the jobbers' association and having attended Principals' conferences.

Advance Glass and Mirror Company Limited. This company, located in Toronto, supplies and installs window glass, installs storefronts and manufactures mirrors. The most important branch of its business has been the sale of window glass and the glazing of windows.

Excelsior Plate Glass Company Limited. A Toronto company, its chief sales have been window glass for building and housing jobs, insurance replacements of plate glass storefronts, leaded work, church jobs. It has also done some retail business.

W. E. Phillips Glass Company, Limited. As pointed out above, this company since 1938 has been a subsidiary of Pilkington, and has its head office in Toronto. Although it has contributed to the association expenses in the Toronto territory, its business has been chiefly in Montreal, where it is operated in conjunction with the Montreal branch of Pilkington.

Queen City Glass Company Limited. This is a Toronto company which is in a small way of business. Its most important line has been mirror manufacturing, a large part of the output being sold to furniture factories. It has done a small amount of glazing of windows but practically no storefront construction. A good share of its trade has been in retail business, making sales to the public over the counter.

Tait Plate Glass Company Limited. This company is also a subsidiary of Pilkington having been acquired in 1944. It has its plant in Kitchener and operates in that locality much as depot or branch of its parent company. It also makes mirrors for the furniture trade in Ontario and has been an important factor in this business.

Canadian Plate and Window Glass Limited. This company, also located in Toronto, has engaged in the usual general jobber business, including storefront construction and glazing contracts. It has a bending plant, equipped to bend plate glass into shapes, and has done this sort of work for the others in the trade.

Lloyds Glass Company. This is an individual proprietorship, located in Hamilton. It has carried on storefront and other glazing subcontracting.

4. Control of the Trade by Association Members

Overlapping of the activities of glass jobbers and others who sell flat glass has already been mentioned, and it has been pointed out that the basic

distinguishing characteristic of the jobber is his ability to purchase direct from the manufacturer. A jobber must also be able to purchase and stock all or virtually all the different types of flat glass required in the trade, and must be able to purchase from the manufacturers at prices which permit him to perform a true wholesaling function for others who process flat glass or sell it at retail.

In the Ontario territory to which association arrangements apply, there are, outside of the members, a good many smaller glass dealers who glaze dwelling houses, silver or resilver mirrors, sell different types of flat glass to the public at retail and even install an occasional storefront. Only about four of these are manufacturers' customers; the remainder purchase their supplies from the association glass jobbers or from other sources. Thirteen of these are shown in the Toronto association price book as "listed retail glass dealers", and these are entitled to discounts from the association prices, five per cent on sheet glass and ten per cent on other products. From this it is clear that such firms are not true competitors of the association jobbers, as it would be impossible for them to compete on such narrow margins. The scale of operations of most of these dealers, the nature of their activities and the fact that they are dependent, in large measure, on the association jobbers for their supplies of glass clearly show that the trade of such establishments as a whole is of a different class from that of the principal glass jobbers.

Some wholesaling of window glass is carried on as a subsidiary activity by certain wholesale hardware merchants who are thus able to supply retail hardware and paint and glass stores with case lots of window glass. While this is a recognized wholesale function, it impinges only on one of the many lines engaged in by the glass jobber. Wholesale hardware merchants who distribute case lots of window glass have normally been able to purchase their supplies directly from manufacturers but generally at prices less favourable than those paid by the principal glass jobbers.

There are two glass firms, both in the Toronto area, which are outside the association and which appear to be regarded by association members as offering some measure of competition in certain lines of business. These are the New Toronto Glass and Mirror Works, of Mimico, and Independent Glass and Mirror Supply of Toronto. The former has experienced great improvement in its business since the early years of the last war and is a competitor of the association members in most branches of the glass jobbing business. It purchases its supplies direct from the manufacturers. Independent Glass and Mirror Supply competes in the construction end of the business and in retail sales, and does not enjoy direct buying relations with manufacturers. Both firms are small and the territory in which they operate is limited by this fact. Their combined sales are but a small fraction of the total glass jobbing business.

The Dominion Bureau of Statistics, following the last census of wholesaling in Canada, reported that in 1941 there were thirteen wholesale glass establishments in Ontario, and that these had total sales of \$4,076,000. The Bureau of Statistics includes in such totals all the sales of any firm whose principal business is wholesaling glass, including any sales at the manufacturer's or import level or at retail, as well as sales of subsidiary lines, such as paint and plastics. On this basis companies such as Pilkington and the Hobbs company would report some sales which would be counted twice in the total because the sales were made to other wholesalers who in turn reported to the Bureau. The Bureau's figures would include also any sales of paint or plastics which these firms made. On the other hand, they would not include the wholesale sales of firms such as Consolidated Plate Glass Company Limited and certain other members of the association which, because of their processing operations, report themselves as manufacturers.

It is not practicable to correct these figures to give a completely accurate statement of total sales. Allowing the discrepancies to remain, however, and adding in the total sales of association firms not included in the wholesale figures published by the Bureau of Statistics a reasonably accurate picture can be obtained of the position of the association members in the trade. The following results are obtained for the Province of Ontario by making such additions :

Number of establishments wholesaling glass	19
Total sales in 1941	\$5,055,324
Total sales of association members	\$4,701,518
Percentage of sales of association members	93%

In the Province of Quebec the situation is similar. The leading non-association jobbers in the area of Montreal are :

Joseph Charlebois Company Limited	Verdun
Alexis Nihon Company Limited	Montreal
The Acme Glass Company Limited	Montreal
The Martel Glass Limited	Montreal
The Star Glass Company	Montreal
Canadian Plate Glass and Mirror Company	Montreal
Walker Glass Company Limited	Montreal
Lafayette Glass Company	Montreal

Of these firms Charlebois and Martel are the only ones which can be said to provide an overall competition to the association jobbers. The Charlebois firm purchases its supplies direct from the manufacturers and made great progress during the war years. The Martel company commenced business only in 1946. The others compete in particular lines in which they specialize and for the rest complement the business of the association members. The Alexis Nihon firm is in a special category since it has acted as manufacturers agent for Industrial Glass Works Limited, the Canadian producer of window glass. There are also several smaller firms in Montreal sometimes referred to as glass jobbers, which actually are small mirror shops or retail glass companies.

The sales figures for glass wholesalers in the Province of Quebec as reported to the Bureau of Statistics for 1941 do not lend themselves to the same type of adjustment as do the Ontario figures. The publication here of adjusted figures would reveal information as to the operation of individual companies. Twelve establishments, however, reported total sales of \$4,113,700. Of these, three firms operating four establishments were members of the association and their share of this total was \$3,035,813, amounting to approximately 74 per cent. As an additional and more current check the estimated total sales of the leading association and non-association glass jobbers in Montreal during the year 1946 were obtained in evidence. Excluding sales in respect of which Pilkington acted as sellers for their parent company and also excluding the sales of Alexis Nihon Company on behalf of their associated company Industrial Glass Works, the total business of seven leading independents and the four association members was approximately \$4,938,000. Of this \$3,559,000 represented sales of the association members, or about 72 per cent of the estimated total business.

The combined sales of Hobbs Glass and Pilkington in 1941 accounted for over 70 per cent of the total business done in Ontario and over 60 per cent in Quebec. In addition, when their combined sales for the whole of Canada are compared with the total of all wholesale glass sales in the Dominion, as reported to the Dominion Bureau of Statistics in 1941 and adjusted to include

several firms reporting in different categories, it is found that they had over 70 per cent of the total Canadian business.

As pointed out above, the figures used in this connection are approximations based upon published figures and others obtained during the investigation; they do not take into account certain kinds of sales and they include to some extent some double counting. Nevertheless it is believed that they show reasonably well the situation in the glass jobbing trade proper. They indicate that Hobbs and Pilkington alone, without taking into account the smaller jobbers who have co-operated with them in the various jobbers' associations, have substantially controlled the trade throughout the whole of Canada, as well as in the central provinces.

Consolidated, a jobber of considerable size and influence, which has been closely associated with them in the framing of association policy, has confined its operations in recent years to Quebec and Ontario, where it has been an important factor in point of sales volume and trade development throughout the years.

These conclusions are reinforced by the evidence obtained in this inquiry, which shows clearly that the members themselves have recognized that such control exists. For example, J. E. Harrison, then general manager of Pilkington Brothers (Canada) Limited, referred to the Canadian situation in a letter to the parent company in England written on May 5, 1942:

"We quite agree that the weak spot in Canada is that the business is largely in the hands of two jobbers [Hobbs and Consolidated]..." (Exhibit A-847)

Again, in a brief filed with the Commissioner of Tariffs and the Tariff Board on or about May 10, 1948, on behalf of Hobbs Glass Limited, whose solicitor sent a copy to the Commissioner of the Combines Investigation Act, it is contended that:

"Hobbs Glass Limited and Consolidated Glass Limited do approximately 85% of the glass business in Canada outside of Pilkingtons..."

The most convincing evidence that the association members control the trade lies, however, not in the statistics which have been given or in the type of excerpts just quoted but in the long history of association activities which are described in this report. Concerted price policies and other non-competitive practices of the kind which have been followed for so long can exist only in a trade where there is little or no active competition from firms who do not subscribe to the restrictive agreements which give rise to them.

A number of substantial jobbers, as already indicated, some of them members of the association, have been acquired by the large jobbers over the last ten years, and the two largest companies have been continuing their policy of expansion. The smaller association firms are exceeded both in the scale and scope of their operations by some non-association companies, such as Jos. Charlebois Co. Ltd., Montreal, and New Toronto Glass and Mirror Works, Mimico, which have been able to build up their businesses during the period of high demand and less restricted selling policies of glass manufacturers.

Throughout the evidence of representatives of the smaller association firms it was stressed that they were restricted by cost from much of the large-volume business, which had been pretty well confined to the three largest firms. Considering the buying advantages which the large firms have enjoyed this is not surprising. More important, however, is the fact that the two largest companies, operating on a country-wide basis and following a policy of continued expansion, will make more difficult any extension of the activities of smaller local concerns, particularly in the wholesale or bulk glass trade. Indeed it is much more likely that the wholesale or jobbing activities of the smaller association firms will tend to decline and their activities will more and more be directed into retail channels or relatively minor specialty work.

As to the independents, their success would appear to depend, in part, on their recently acquired ability to purchase supplies of glass at trade prices and their enterprise in undertaking business in a period of high demand. If they should ever lose this position it is difficult to see how they could continue to provide any serious competition. There is also, of course, the danger that they too might be eliminated by absorption into the large companies.

5. Background of the Association

In his evidence Mr. Matthews said that in the autumn of 1927 he talked with three persons whom he termed the "three principal men in the glass business," representing Pilkington, Hobbs and Consolidated, who were interested in having a form of association so that "there might be some sort of stabilization effected in this trade." Mr. Matthews said further in his evidence that "they formerly had a price book" but that at the time of his initial discussions with the principal glass jobbers "they described the rather chaotic condition in the glass business." The outcome of these discussions was that joint arrangements were made among the jobbers for Mr. Matthews to operate offices in Toronto and Montreal which could be used to effect "a stabilization of prices" and to deal with matters related to this object. Agreement was reached on boundaries to establish two territories, embracing the greater part of the provinces of Ontario and Quebec respectively. At frequent conferences the associated jobbers have decided on prices, terms and conditions of sale, and other matters which could be considered applicable to conduct of their businesses in the two territories.

The evidence shows that since the establishment of the Toronto and Montreal association offices Mr. Matthews has exercised a constant supervision over the conduct of the businesses of the associated jobbers in both territories. He has provided the machinery for consultation, has assisted in the establishment and implementation of the decisions arrived at, and has attempted to secure adherence to them when departures, alleged or real, by some members gave rise to complaints by others. Among his duties have been the issuance of notices of price changes, the printing and circulation of price books, the maintenance of offices used for purposes of registration or in other ways to secure uniformity in the prices at which members supplied goods, and, as already mentioned, the investigation of complaints by one member against another. On occasion he has acted on behalf of the associated jobbers in dealings with the agents of flat glass manufacturers.

No minute book of the association was produced. It appears that the association has never kept formal minutes of its meetings, but brief memoranda have been issued frequently by the secretary indicating the results of such meetings. On some occasions agenda of proposed meetings have also been issued. These records have normally been typed on plain paper and often do not bear the address of the association office or the name of the addressee. Those which have been produced have not been signed but either bear the typed initials "W.O.M." (W. O. Matthews) or have no express identification of the author. They do not record in detail the discussion at meetings, but indicate subjects and decisions. Not many of these documents were found in the association offices or in those of some of the member companies whose records were examined. More were found in the possession of some other members and in the end a fairly large number were produced and readily identified by witnesses having knowledge of them. When such records are all drawn together and examined in the light of other documentary and oral evidence, they give a fairly clear and extensive picture of association activities over a considerable period.

III. COOPERATION BETWEEN MANUFACTURERS AND ASSOCIATION

1. Plate Glass

Plate glass originating in the principal exporting countries has normally been sold in Canada by the foreign manufacturers to a selected group of glass jobbers. The manufacturers have commission agents in Canada, who solicit and forward orders to them and generally look after their interests but who do not trade on their own account and are not authorized to modify distribution policy. Pricing, invoicing, collection and other business details have been the responsibility of the manufacturers themselves. The exception to this rule has been the Canadian Pilkington company, which obtains at a small discount from its parent company the supplies required for its jobber customers and transacts all the necessary business in connection with such sales, although the parent company exercises ultimate control in all policy matters.

Other Canadian purchasers of plate glass, not supplied direct by the manufacturers, secure their requirements from Canadian jobbers. At times they have also bought from jobbers in the United States and from other sources which happened to be available to them.

The cartel agreements of the plate glass manufacturers which have been described above had two main aspects, one relating to prices and the other to the sharing of markets through quota arrangements. Although the parties to these agreements produced all but a small part of the total world output, there remained certain weaknesses in their control to which attention was apparently necessary. The possibility of domestic jobbers in foreign countries exporting to a market where there was an arranged quota, and thus encroaching indirectly upon the shares of some manufacturers to the advantage of others, led to express provision being made in the cartel agreements to prevent this practice. In addition there was always a small part of the total world production being made by manufacturers outside the cartel which might well be concentrated upon some particular market. It was therefore to the advantage of the manufacturers to reinforce their agreement with respect to the Canadian market by securing the co-operation of Canadian jobber-importers with a view to minimizing or preventing imports into Canada from these outside sources.

The association jobbers in Canada on their part could be expected to favour such restrictions. Infiltrations of plate into the market from manufacturers outside the agreement would have had the effect of disturbing the price structure in Canada on which the jobbers had agreed. Such disturbance would also have resulted from independent Canadian jobbers obtaining supplies from foreign jobbers and manufacturers, and at the same time the control of the association over the trade in Canada would have been weakened. As long as independent Canadian jobbers could not secure supplies from the associated manufacturers, or could not secure supplies from any source on as favourable terms as association members, the latter would not wish to encourage any developments which might adversely affect their own preferred position, particularly as the largest firms already secured the highest discounts. In fact their resale prices, determined as they were on the basis of a more or less standard percentage margin over laid down costs, would give a higher

return when manufacturers' prices were high, providing the prices were not set so high as to impair seriously the demand for the product.

It was from this community of interest between the manufacturers and the associated jobbers that the practices outlined in this section developed. The modification of some of the practices in recent years resulted from a diverging of the manufacturers' and the jobbers' interests. Some of the policies and activities which will be referred to were those of the manufacturers, some of the jobbers, and some were developed in concert; but in all cases they were dependent upon mutual efforts to place limits on competitive activity in the market and to preserve the status quo.

Throughout the years for which we have records and up to 1939 it had been the practice of the plate glass manufacturers to confine their sales almost entirely to those glass jobbers who were members of the various Canadian associations. The only other direct customers of the manufacturers were the automobile manufacturers, the glass laminating plants, and one or two small non-association firms which had been on the "Bonus List" at the beginning of the period. The other plate glass jobbers who were in existence from time to time had the choice of buying from the established jobbers at other than trade prices and in small quantities or obtaining their supplies from American jobbers or any other source which might on occasion be available to them.

The international cartel agreements specifically provided that the associated manufacturers should make every effort to prevent shipments by domestic jobbers or other outside parties to the various export markets. The correspondence contains many illustrations of the efforts of the Pittsburgh company to live up to this provision, including the type of commercial "espionage" in which markings on cases delivered to independents were traced back to their source in the United States with a view to stopping the exports at their source. Another series of letters in 1938 shows determined efforts by the European manufacturers to prevent shipments to Nihon from a German plate manufacturer. These efforts were unsuccessful, in this instance, apparently because of the policy of the German government to encourage exports.

The jobbers' policy during these years was equally directed at preventing supplies reaching non-members. There are many illustrations of this in the correspondence. In 1938, for example, the Nihon firm, previously mentioned, had succeeded in establishing relations with the Comptoir Français d'Exportation de Glaces following a personal visit of Nihon's president to Paris. Munderloh and Company Limited of Montreal, the Canadian agent of the Comptoir, on learning of this immediately advised the Comptoir against it and recommended reconsideration. The opinion was expressed, in a letter of February 7, 1938, that selling to Nihon would result in the Comptoir losing the business of the leading glass jobbers. The letter went on to say that Nihon had made earlier efforts to buy plate but that :

"Pilkington Bros., the Union agents and ourselves understanding the situation, declined to sell him because he would simply be competing for business with the legitimate jobbers who were already our customers and in the long run we felt that we would not increase the total footage of our sales.

The legitimate jobbers then succeeded in exercising sufficient influence on Pittsburgh and Libbey-Owens-Ford to have them prevent the American jobbers from selling Nihon.

Before leaving for Europe, we understand that Mr. Nihon made two trips to New York but could get no glass there."

(Exhibit H-106)

Considerable correspondence followed between Munderloch and the Comptoir and in addition a joint cablegram was sent to the Comptoir by the

presidents of Consolidated, Hobbs and O'Shea. The result of these negotiations is found in the copy of a letter of March 16, 1938 from the O'Shea company's files initialled "H.R.H." and addressed to W. O. Matthews, in the following words :

"... Yes the cable to Paris brought results. More when I see you but in the meantime Nihon cannot purchase from that source ..."

(Exhibit F-134)

The manner in which the jobbers were prepared to co-operate in the manufacturers' scheme for division of the world's markets is illustrated by events early in 1937. Pilkington and O'Shea, and presumably the other leading jobbers in Canada, received an inquiry from the Department of Trade and Commerce, Ottawa, on behalf of a Brooklyn, New York, firm wishing to purchase plate glass during a period of temporary shortage in the United States. On receipt of this inquiry by the O'Shea company, its president, H. R. Harrison, arranged to have the Montreal association pass a resolution not to export plate to the United States and recommended that the Toronto group do likewise. The latter apparently dealt with the matter of a conference held on January 26, 1937, as indicated in a copy of Mr. Matthews' memorandum as follows :

"In case of enquiry for quotation. No sale of plate glass to U.S.A."

(Exhibit B-632)

As Mr. Matthews correctly pointed out in his evidence, the sale of plate glass by Canadian jobbers in the American market is normally "like carrying coals to Newcastle." This is so because over long periods the Canadian market has been a higher-priced market and jobber shipments usually move into Canada from the United States. The supply position in the United States at this time, however, was abnormal and shipments could have been made from Canada. The illustration, however, should not be taken as evidence that substantial export trade in plate glass has been deliberately ignored by the jobbers. It is cited merely as a vivid example of the collaboration between jobbers and manufacturers in furthering their respective trade restraints.

Through the years the formal expression of the jobbers' intention to prevent supplies reaching non-members in Canada appeared in the Toronto price book in the following terms :

"PLATE GLASS

Not to be sold in Case lots. Carload lot orders to be taken from Wholesale Jobbers only except by special arrangement."

(Exhibit 3)

The same provision appeared also in the Hobbs price book (Exhibit 34) which was in use up to 1945. This ban on the sale of cases of plate, coupled with the manufacturers' policy of restricting sales to a selected group of customers necessarily worked against the development of independent competition. The small jobber outside the association had the choice of purchasing from the association members at a price as high as these firms sold to their own customers, or possibly slightly below if they chose to accord him a "courtesy" discount. Otherwise he had to find outside sources of supply such as the American jobbers or some outside manufacturer. The difficulty facing these small jobbers in competing with the established houses in the face of such serious cost differentials is apparent, and their determination and persistence in obtaining outside supplies is not surprising. The rigidity of the restrictions applicable to the sale of plate glass appears to be the chief explanation for their partial breakdown.

As already indicated, outside supplies of plate persisted in coming into Canada, especially from 1937 to the first few months of the war. This led to a breakdown of some of the practices which had formerly been in effect and to the introduction of the new selling system which was referred to in connection with the international cartel.

Some of the considerations which weighed heavily with plate glass manufacturers and led them to modify their restrictive selling policies are outlined in exchanges between the Canadian and English Pilkington companies, which at the same time provide a summary statement of other matters discussed in this section.

J. E. Harrison of Pilkington, Canada, wrote to his parent company on November 30, 1938:

"There are a large and increasing number of small jobbers operating in Ontario and Quebec who are not members of the Associations and are not wanted as members. These small jobbers, most of whom undertake the installation of store fronts, are buying Plate Glass in case lots from outside sources including Nihon of Montreal, Aitcheson of Buffalo, and New York and Detroit Jews. In some cases sales to jobbers are made at the Convention gross list or a little higher by Nihon with Bechmann-Kupfer glass, which he probably buys at prices equivalent to Convention rates less maximum bonus and differential.

Others buy from Aitcheson and the New York and Detroit Jews who are satisfied with a few cents a foot profit.

The Association arrangements preclude sales of Stock Sizes altogether, and Cut Sizes can only be sold at Association prices net to most of these small jobbers. There are, however, a few old established small jobbers who, though not members, have undertaken to observe Association prices in return for which they are granted a discount of 10% on Cut Sizes . . .

There has been an understanding for a long time between the legitimate glass jobbers and the Manufacturers' Agents that sales must not be made to these small outsiders, indeed if any Agent were to take an order from an outsider the large jobber would immediately penalize the Agent by placing his business with somebody else.....

If it is ultimately agreed to abolish all restrictions it would be advisable for a joint announcement to be made to the principal buyers of Plate by the Manufacturers, rather than for P.B. to act alone."

(Exhibit A-668)

In its reply of December 19, 1938, the English Pilkington company wrote:

"Referring to your letter of the 30th November, we are in full agreement with you that Nihon's competition in Plate Glass clearly illustrates the importance of the business which the associated Plate Glass Manufacturers are losing on account of the arrangement between the Association and the Manufacturers' Representatives . . .

In almost all the Dominions we have very good working arrangements with the Glass Merchants' Associations, but the Manufacturers have in all cases definitely maintained their right to import to non-members direct, subject to preferential prices for members of the Association. The arrangement we have with other Associations provides a special tariff for members and an extra 1d. to 2d. per foot (5% to 10%) for non-members, but in these arrangements a clause is always inserted by the manufacturers that they are absolutely free to sell to non-members.

For your information we attach hereto copy of the conditions which govern our arrangements with Glass Merchants' Associations in Australia. There may be certain local conditions in Canada which would prevent our introducing the same conditions en bloc in your market, but we would like you to review the whole situation, having in mind the arrangements we have elsewhere, and inform us if it is possible to revise the whole of the existing marketing restrictions in Canada."

(Exhibit A-669)

A marginal note on this exhibit, written by J. E. Harrison, indicates his opinion that the right of manufacturers to sell non-members had not been relinquished in Canada.

J. E. Harrison wrote again on January 7, 1939 to his principals as follows:

"... there is no doubt, from the evidence already furnished, that irregular shipments are arriving from time to time and disturbing the market.

We have carefully considered the details of the arrangement with the Western Australian Glass Merchants' Association, which should work very well if there are no firms of much consequence employed in store front work, etc., outside this Association.

Our great concern, as well as the principal members such as Hobbs and the Consolidated Plate Glass Company, has always been to stabilize Association prices by restricting the purchasing opportunities of the smaller price-cutting jobbers, to prevent their entry into the store front field. Until the advent of Nihon and the American jobbers' imports this has been fairly successful.

Therefore, in our opinion, the members of the Association, before agreeing to any manufacturers' arrangement, would wish to be protected by the manufacturers, adopting a much greater price differential than that shown for Western Australia.

If the manufacturers decide to abolish all local restrictions it would be necessary to act as a body when approaching the principal buyers of Plate Glass."

(Exhibit A-673)

The reply to this letter, dated January 27, 1939, was as follows :

"We are in receipt of your letter of the 7th January with reference to the sale of Plate Glass by the Manufacturers to non-members of the Association.

The manufacturers' view point is that non-members can obtain and are obtaining supplies from outside sources and this footage is definitely lost to the Associated Manufacturers.

The various aspects of the situation from our point of view are as follows :

(1) The outside supply is available to non-members of the Canadian Associations from the American jobbers and outside Continental Manufacturers at approximately the same price as is paid by the Association Members for their supplies.

(2) So long as this supply is available, non-members will not pay the present Association prices.

(3) The supply of this outside glass to non-members cannot be prevented at the source of supply.

(4) Apparently the margin of profit required by the Association Members does not permit of the latter quoting prices sufficiently attractive to stop the imports from outsiders.

(5) The orders which non-members place for import are definitely lost to the Association and it is really "a dog in the manger policy" for the Association to ask the Associated Manufacturers not to compete with the outsiders for this business.

(6) Assuming the Associated Manufacturers quote for supplies to non-members, it would not be possible to secure the business at prices more than 10% higher than the price to Members. Even if it were possible for the Manufacturers' price to Members to be reduced, this would not help the situation, as Bechmann-Kupfer would make a corresponding reduction in their quotations to non-members.

(7) We feel that it would be more satisfactory from the Members point of view, if they know that non-members are paying 10% higher prices, than allowing the present situation to continue whereby the supply to non-members is available from outsiders at about the same price as members are paying.

We understand that it is an unofficial arrangement with the Manufacturers' Agents for Plate Glass, that they will not accept orders for Plate Glass except from Members of the various Associations and the whole question arises as to whether this arrangement is one which re-acts to the entire disadvantage of the Manufacturers.

The point raised in your letter that it is the great concern of the principal jobbers to stabilize prices by restricting the purchasing opportunities of the smaller jobbers, is all very well from the jobbers point of view and is suits the Manufacturers so long as the supply of Plate Glass from outside sources is not excessive.

The whole trouble now is that these supplies from outside sources are making serious in-roads into the Plate Glass trade in Canada, which as we have said before, is to the entire disadvantage of the Associated Manufacturers.

We do not wish you to discuss this matter with anyone, but we would like to have your own carefully considered views, bearing in mind not only the jobbers, but also the Plate Glass Manufacturers.

We consider that a 10% protection is quite sufficient for the Members of the various Associations and that the Manufacturers should be free to supply Non-members."

(Exhibit A-672)

In reply Mr. Harrison stated that he thought the manufacturers should announce to the jobbers their intention to sell to anybody at an arranged price not greater than the basis on which Nihon could then buy. So far, he stated, Pilkingtons had fully supported the jobbers' policy of trying to prevent smaller firms from entering the storefront business. The parent company, however, insisted that there had never been any agreement between the manufacturers restricting sales to certain firms, that the arrangement had been made by the Canadian agents without consultation with the manufacturers and that consequently it was for these agents to inform the jobbers of the change in policy.

The results of these negotiations were, first, the inclusion of some of the more significant non-member glass jobbers on the list of customers who could

buy direct, and a little later the system of differential discounts to which reference has been made. The net position up to 1942 appears in Appendix IV, which not only indicates the cost differentials applicable to all the customers of Pilkington but also distinguishes between association members and non-members. This system of marketing was common to British and American suppliers until 1947.

The co-operation required of glass jobbers, whether members or non-members, in return for the five per cent fidelity discount appears from the fidelity declaration which they were required to sign. No original fidelity documents were found in the files of the companies concerned, but the correspondence definitely establishes that they all did sign. This is borne out also by Appendix IV, which shows the firms in receipt of the fidelity discount. The fidelity declaration is reproduced from the evidence.

"FIDELITY DECLARATION"

We, the undersigned

hereby declare that we accept the fidelity proposal, commencing as from
.....which has been submitted to us.

We agree to confine our purchases of Plate Glass to the following Sellers :

Union Commerciale des Glaceries Belges, Brussels

Comptoir Français d'Exportation de Glaces, Paris

Pilkington Brothers Ltd., St. Helens, England

The Pittsburgh Plate Glass Co.,

The Libbey-Owens-Ford Glass Co.,

This arrangement may be terminated by either the buyer or the seller giving one month's notice.

(signed)

(Exhibit D-110)

The association discount of ten per cent likewise was not extended to the members without condition. The effect of this discount, especially when coupled with the extreme bonus of seven per cent, was to put the larger jobbers in a position where they might well enter into competition with the manufacturers in supplying the smaller jobbers outside the association, none of whom received the association discount and only a few any bonus. Accordingly assurances were obtained from the jobbers about the time that the new discount was inaugurated that they would not compete with the manufacturers in supplying plate in cases and carloads. This is well attested in the correspondence and also appears from the evidence of Arthur Alban of Pilkington who stated :

"As I understand it, when the 10 per cent was given to the jobbers it was given with the advice that this 10 per cent be their additional profit and that they should not do [use] it to go into the plateglass carload field which they had never been in before.

Q. Is that arrangement still in existence?

A. Oh, more or less, I think, yes. I understand that Hobbs have recently taken one [a carload]”.

(Evidence p. 822)

In 1946 no carload sales were made by Hobbs and a few case lots which were sold and shipped to Northern Ontario companies were subject to special association arrangements. Little information has been obtained regarding sales in case lots in 1947, but even if there had been a lessening of such restrictions it would have been of slight significance because the inquiry was in progress from early in that year and also because plate glass supply conditions had been in a state of flux after the end of the war.

About the end of 1944, Pittsburgh became concerned about the implications of the differential discount system. Its correspondence with Pilkington establishes that Pittsburgh received advice that Canadian law forbade such an arbitrary classification of customers, and required identical prices to all purchasers of the same class. Pilkington, however, did not agree and nothing was

done to remove the differentials at this time by either firm. In October 1947, Pittsburgh did abandon the differential discount system on sales to Canada, whereas Pilkington continued it.

The Belgian producers, shortly after their re-entry into the Canadian market in 1946, issued instructions to their agent that sales were to be made to all buyers at the same prices, except that the agent at his discretion could charge one or two cents per square foot more to the non-association buyer. However, J. A. Taylor, of Joseph Taylor and Son, Toronto, representing the Union Commerciale des Glaceries Belges, testified that he did not take advantage of this permission to charge differential prices.

From all the foregoing it appears that the restrictions on the distribution of plate glass resulting from the arrangements among foreign manufacturers and between manufacturers and association members first began to be lessened just prior to the war as a result of the inability of the organized manufacturers and jobbers to control the quantity of "irregular" imports. With this relaxation the basis of close co-operation between jobbers and manufacturers began to weaken.

After the war certain sporadic efforts were made to restrict entry into the Canadian jobbing trade in plate glass. Manufacturers' representatives in Canada refused to sell to certain firms in 1946, but there is probably substance to their explanation that this was part of their policy to confine sales to their pre-war customers during a period of shortages. In the new Hobbs price book of 1947 the ban on sales of plate glass in case lots was eliminated. The formal abandonment of the restrictive cartel arrangements of the foreign manufacturers served to weaken the community of interest between them and the Canadian jobbers. The manufacturers, with the exception of Pilkington, abandoned the differential pricing system formerly in effect. It is not clear to what extent each manufacturer still confines his sales to the group of Canadian buyers agreed upon before the war. Representatives of each of them testified, however, that agreement on such a policy no longer exists, and no evidence has been found of the resumption of the pre-war agreements of this type on the part of the suppliers. Whether or not these agreements have been only temporarily suspended, for the reasons indicated, remains to be seen. A resumption of the former working arrangements among the foreign manufacturers would undoubtedly lead to renewed close co-operation with organized groups of Canadian jobbers so as to restore their control of the Canadian market for plate glass.

2. Sheet Glass

The system under which sheet glass is sold in Canada by the foreign manufacturers is the same as that described for plate, with import agents representing the foreign manufacturers and Pilkington, Canada, distributing the supplies of its parent company on a small margin.

Prior to the war certain Canadian glass jobbers, unable to establish buying connections with the usual channels of supply, imported directly from independent manufacturers in Belgium and Japan. In the early years of the war they also brought in some supplies from Mexico.

The agents of the foreign manufacturers normally have taken orders from glass jobbers, wholesale hardware companies and the automobile companies and their suppliers. The large glass jobbers have installed the glass themselves in construction projects, sold to smaller jobbers, furniture manufacturers, sash and door factories, to retail hardware and glass companies and other outlets and to farmers in some areas for use in greenhouses. The wholesale hardware companies have distributed sheet glass chiefly to retail hardware dealers and paint and glass stores.

The chief buyers of window glass recognized by the manufacturers as direct buyers have been the large association jobbers. A group of wholesale hardware companies, engaged for a long time in the distribution of sheet glass to their retail hardware customers, have also bought direct from the manufacturers. In addition, smaller association glass jobbers and a few independents have enjoyed direct buying privileges. The number of direct buyers of sheet glass has thus been considerably larger than those able to purchase plate from manufacturers. This section is chiefly an appraisal of the system of distribution at the manufacturing level and a consideration of the evidence bearing upon co-operation between the manufacturers and the association members.

There is clear indication that Mr. Matthews and the association members have tried to establish a clearly defined group of buyers who would buy directly from the manufacturers and who would be exclusively manufacturers' customers, and to distinguish them from all others, who would be customers of the direct buyers. It is also clear that the manufacturers have fallen in with this scheme fairly well and have generally refrained from soliciting or accepting orders from the jobbers' customers, even when the quantities involved were sufficiently large to be of interest to the manufacturers. They have also assisted the larger glass jobbers throughout most of the period by according to them better prices than those available to other direct buyers, thus strengthening their control over the wholesale trade.

A document dated March 30, 1935 was found in the files of the Hobbs company, in the memorandum form usually used by Mr. Matthews and bearing his typed initials, which was addressed to the principal officers of the four leading association members of that time. This memorandum reads :

"Attached is suggested List of names in the matter of Sheet Glass Boxes.

This List is for your consideration and will likely be discussed at proposed Conference April 12th."

(Exhibit B-512)

The attached list, Exhibit B-513, was headed "Sheet Glass Boxes—Direct Importers (Ontario and Quebec)" and contained the names of fifty-one firms. These firms included the ten association members of the day, two firms in each of the local associations at Quebec and Ottawa, as well as thirty-three wholesale hardware companies, three non-association glass jobbers and one other company.

There are several references in the documents to the attitude of the principal glass jobbers on the subject of sales by association members to the direct buyers. The clearest of these is a memorandum from Pilkington's files headed "Memo of Principals' Conference at Montreal—June 28, 1938," containing the following minute :

"(5) Agreed that Jobbers will not offer to supply Sheet Glass Boxes to direct Buyers from Manufacturers; except at regular carload prices as issued by Montreal and Toronto Members from time to time."

(Exhibit A-391)

The reference here to carload prices issued by the members is to an agreed-upon association price to certain buyers, which in the case of Montreal was known as the closed carload list. Copies of this list were found in the files of the O'Shea company and Pilkington, Montreal, as well as in the files of the association secretary and cover the period from 1936 to 1940. Decisions as to changes in the list, arrived at in association meetings, are found in the records. In the Toronto territory there was a similar arrangement, but there are no records of established lists and the arrangements appear to have been carried out through the medium of registration in Mr. Matthews' office. There will be further reference to the closed carload list elsewhere in the report dealing with

price-fixing. It is of interest here, however, to note that the list for Montreal territory alone contained sixty-three names in 1940. As already stated, there were in 1935 only fifty-one direct buyers in both Quebec and Ontario territories, and the fact that sixty-three others were interested in the purchase of carloads in Montreal alone is highly significant. The quantity of sheet boxes involved in a carload is sufficiently large to interest any manufacturer under conditions of free competition and the fact that such potential carlot buyers were required to buy from the jobbers is an important indication of restriction in the trade.

The basis for this division of customers between the manufacturers and the jobbers lay primarily in the selling price policy of the manufacturers. There is abundant evidence throughout the documents that they accorded special discounts, over and above those granted to other direct buyers, to the large association jobbers, Hobbs, Consolidated and Phillips, and O'Shea after 1936. These special discounts were such as to enable the large jobbers to sell to their closed carload list at prices which could not be met by other wholesalers who were direct buyers, including the smaller association members.

The only additional requirement to permit such a system to work was, of course, that the manufacturers themselves did not compete for such business. It is therefore necessary to examine what further evidence there is on this point. An item of especial interest in this respect is the second attachment to Exhibit B-512, which contains the list of direct buyers, Exhibit B-513, referred to above. This was an additional note, with the initials of Mr. Matthews typed on it, which said:

"Note :—

A List of Carload Buyers is to be compiled by the Jobbers. This List of names not to be sold direct by Manufacturer. It is suggested that each Jobber submit a List of names and from these Lists one List of names to be compiled for consideration."

(Exhibit B-514)

It must be obvious from this, and from the list of direct buyers which Mr. Matthews submitted, that he had carried on negotiations with the manufacturers. In fact he admitted in his evidence that he did have discussions with the agents, even though he denied there was any agreement or understanding on the subject.

The leading sources of supplies for the Canadian market in the pre-war years were, as already noted, Belgium, the United Kingdom and Czechoslovakia. The Belgian suppliers were organised into two main selling and producing groups. The Fourcault works were represented by the Belgian Sheet Glass Works Union, which had an import agent in Canada. The Belgian Libbey-Owens group production was sold largely through Hobbs during the thirties. Two independent Belgian factories, Gobbe and Pigges, sold much smaller quantities through independent agents in Canada, who were not recognized as legitimate channels by the organized trade. The United Kingdom output was produced by Pilkington, the only manufacturer in Britain, and was marketed through its Canadian subsidiary. The Czechoslovakian imports were all sold through an import agent representing the Sales Corporation of Bohemian Sheet Glass Factories, the national selling agency for all the sheet factories in that country.

In addition to the independent Belgian supplies there were also importations from American jobbers, from Japan and from other irregular sources. These supplies, sold on a basis of price competition chiefly to the buyers on the jobbers closed carload list, not only affected the jobbers but also the share of the total market enjoyed by the manufacturers well established in it. In the description of the policy followed by the agents of the leading manufacturers which is outlined from the evidence, the effect of this outside competition appears clearly.

From 1930 to the time of the invasion of Belgium, the sole Canadian agent for the Belgian Sheet Glass Works Union (Union des Verreries Mechaniques Belges) was the late Frank Baylis. He was under the general supervision of Rene Lambert, who was the delegate of the Union for both the United States and Canadian markets, and who took over the Canadian agency when supplies were resumed after the war. Mr. Lambert, however, had not dealt with the detail of Canadian sales in the pre-war period except in a general way. Mr. Baylis died during the war and his business records were not obtained in this inquiry. However, there were a few letters in the files of Pilkington and Mr. Lambert which Mr. Baylis had written and which serve to illustrate his attitude of co-operation with the other jobbers and agents respecting sales of sheet in Canada.

On November 1, 1932, he wrote to Pilkington as follows :

"I thank you for your letter of 31st ult. The price of list plus 5% less 10% has not been circularized to all carload buyers throughout the Dominion so far as I am concerned. I have not circularized anyone outside of the regular wholesale jobbing trade.

I take it that by carload buyers you have reference to such as those who have in the past made their purchases through such medium as Dupmeier, Elliott, etc., and should you be referring to such as these, I may say that from my view the situation will be very much better than it has been for the following reason. Libbey-Owens, the Sheet Union and Czechoslovakia are now working harmoniously in regard to price. In that case the agents have got their regular clientele and fortunately are not amongst those who have in the past been selling outside of the regular wholesale trade, excepting perhaps in the one isolated case of the firm at Hamilton.

Dupmeier in the past has made his purchases through mediums outside of the then Comptoir, which enabled him to sell at lower prices than your cost, and this of course has been the case with him even up to to-day; and the same thing applies with the Vancouver people and the party in Quebec, but I am expecting that the French and the German firms will be brought into this agreement, and it is to be hoped that when this transpires that the agents that they have handling this business will be alive to the situation, the same as those who have handled the other firms business up to now. The German firm, I understand, have appointed Munderloh as their agents and we have nothing to fear from Munderloh in this connection, so it only comes down as to who will handle the French, and it might be possible to arrange that. So that my hope is that firms like Dupmeier and Nihon and the others will be unable to obtain their supplies through the co-operation of the agents here with the wholesale trade, which after all is the only safe method of handling the business."

(Exhibit A-838)

A number of letters from Baylis to Pilkington dealt with minor details of price designed to keep Pilkington in line with the Belgian price. On December 19, 1932, for example he wrote to Pilkington's Halifax office, in part as follows :

"I of course do not question your right to figure whatever price seems best to you, but in view of the fact that my understanding is that you do not intend to quote lower than the Union prices, I think it is well to call your attention to these matters. Sometime the small amount of even a cent per case is sufficient to change the course of an order. I should be glad to hear from you on this matter.

Meantime, I may say that I have taken up with Mr. Harrison the question of figuring the weights of boxes, but of course have made no reference to this matter we are discussing herein. So I should be glad if you will arrange to have the 4¢ per case added on instead of 3¢."

(Exhibit G-13)

Again, on February 13, 1939, he wrote about a minor price discrepancy in the Halifax area :

"You will, of course, take whatever action you please in this matter and allow your Halifax House to work his own ends but, I do not think, it is going to be to anyones benefit for you to do so. I am taking this responsibility on myself as I think it is something you should know about. It is, perhaps, a matter of small detail but some of these buyers think they make a great bargain if they think they save one cent a case on a carload of glass so I trust you will accept these remarks in the spirit in which they are given, namely, that I have no desire to interfere in the slightest degree with your operations nor with any freedom of action you may feel that you are entitled to. I am merely doing it to try and get things on at least a little sounder basis and I trust that you will overlook any apparent interference with your affairs which you might deduct from these remarks."

(Exhibit G-14)

In another letter dated October 20, 1939, Mr. Baylis wrote to the Pilkington sales manager about the competition from outside sources, as follows :

"Thank you for your letter of the 19th inst. This man Atcheson [an American glass jobber of Buffalo, N.Y.] is like a lot of other sort of parasites, more of a nuisance than dangerous. I do not know through what Belgian broker he sells his goods and I have noticed that on occasions he has always sold his double in 'B' quality. That, however, is not a quality that suits the trade and I have not learned of his being able to do any business amongst those he has circularized. By his quoting \$3.25 for single and \$4.36 for double it proves that he certainly does not know what he is doing because there is no relation whatever between these two prices. If he is quoting for 'B' double his price should be 50% more than single so that would make it \$4.92, C.I.F. but you will notice that he does not include any war risk insurance so anybody buying his glass, and the steamer being sunk, he is going to lose the whole lot. At any rate, at \$4.36 and at the price which I gave to you, you could sell at a pinch against these prices. I would not, however, at the moment, pay any attention to his figures because neither he nor anyone else can give any prices that would be firm. That again proves that he does not know what he is doing but, as I said, he is like a dose of measles which is very unpleasant but mostly harmless.

We are hoping before long to be able to make it so that these parties that buy from Gobbe [the Belgian independent producer] will not be able to do any damage. In fact their activities do not amount to much now and judging from my experience they are being used by the small buyers in the Country to try and bring down the regular price."

(Exhibit G-15)

Mr. Rene Lambert stated in his evidence that it had been the policy of the Belgian Sheet Glass Works Union throughout the whole period to secure the widest possible distribution in Canada, and that there had never been any understanding or agreement between his principals and the jobbers as to what firms should be classified as direct buyers. Nevertheless Mr. Baylis had pursued a fairly independent policy in Canada despite the fact that he was under Mr. Lambert's supervision. Mr. Lambert recalled a proposal about 1934, to classify buyers on a basis of differential buying prices, which had been submitted to him by Mr. Baylis and which he had refused on behalf of his principals. Special rebates, he said, had been given to some large buyers prior to the war, not as a result of agreement with any other manufacturers or the association, but merely to meet competition from other manufacturers. In the post-war period, according to Mr. Lambert, all his customers have purchased at the same price and anyone in the glass business can buy from him either in carload lots or smaller quantities.

The basic position of Pilkington has been throughout its history that of a leading association member which at the same time is the representative of the British manufacturer. When the two interests have conflicted seriously, the need to obtain the largest possible share of the market for British glass has become paramount. Subject to this, however, the company has adhered to association arrangements as far as possible. As J. E. Harrison wrote to J. W. Hobbs, president of Consolidated, on May 21, 1941 :

"... I wish to assure you that at all our branches including Montreal we loyally carry out our obligations to the local Associations and do not assist the outsiders to secure business by revealing Association prices or in any other way. We do, however, like most other Manufacturers, accept their orders but at prices consistent with their standing in the trade."

(Exhibit A-574)

Pilkington, as both manufacturer and jobber, was in a different position from its competitors, who were either manufacturers or jobbers. As a manufacturer it could sell to all the recognized direct buyers and as a jobber it could sell to the buyers on the closed carload list. Thus the division of customers into direct buyers and closed carload buyers did not make it necessary for Pilkington to refuse either class of business. It could sell to direct buyers at manufacturers' prices and to closed carload buyers at the agreed association prices.

A review of the general situation written by J. E. Harrison to Pilkington, England, on February 3, 1939, gives a good picture of the market as it then was and of the arrangements in effect at the time between the jobbers. It also

indicates a tacit understanding with the Belgian agent, Mr. Baylis, and shows that the effect of this arrangement was to stabilize prices at a higher level. The report is quoted in part:

"We have now been able to examine in detail the twelve months' importations of Window Glass into Canada, taken from the Government statistical returns, and in the enclosed comparative statement we would respectfully draw your attention to the following points:

Total imports down 10 million feet below 1937.

U.K. imports increased 1 million feet above 1937.

This means that P.B. sales increased to the Canadian trade by almost 2 million feet, owing to reduced importations of Sheet Glass for Laminating.

P.B. actual imports 14,169,279

P.B. actual sales, Stock and Import 14,791,549

Our depot stocks have, therefore, been completely turned over.

	1937	1938	
U.K. percentage	24...%	35¼%	Laminated Omitted
Belgian percentage	32½%	51½%	
Czecho. percentage	12½%	5½%	
Japanese percentage	5%	1½%	

Our increase is mostly at the expense of Czecho-Slovakia and Japan, but has not effected the Belgian percentage.

However, the enclosed graph shows that the differential is narrowing between U.K. and Belgian figures.

The division into provinces can only be an approximate guide, as the per capita consumption figure proves that shipments from other countries into Quebec and British Columbia find their way into inland points, and are not consumed in these Provinces.

Taking this into account in studying the imports into the provinces, together with the detailed Sheet Situation report already in your hands, we have, nevertheless, come to the conclusion that with the Belgians obtaining 50% more than us in Eastern Canada, it is in these provinces where the greatest concentration is necessary.

Baylis, the Agent for C.O.B.E.F., still has very strong connections with the main wholesale hardware houses and with certain jobbers, L.O.B. have the support of Hobbs Glass Limited and the Consolidated Plate Glass Company, whilst the Belgian outsiders have Nihon, Baron d'Empain, Atcheson and others.

We set out below the situation as briefly as possible:

MARITIMES Carload prices are unencumbered by Association arrangements. Baylis, however, has strong connections in St. John and Prince Edward Island, buyers are even put in a position to resell carloads at our maximum of 25 and 5%.

Hobbs Glass Limited, pushing L.O.B., have now a resident representative in the Maritimes offering to anyone discounts of 25 and 5%, they have also appointed A. M. Bell & Company, Halifax, as Agents.

QUEBEC The main wholesale hardware firms in Quebec City and Montreal still buy substantial quantities from Baylis, partly for sentimental policy as well as price reasons. Another factor is our agreement with the principal jobbers on closed carload prices, which we feel tends to restrict our development, especially in weak points such as Chicoutimi, St. Hyacinthe, Shawinigan Falls, St. John and the new tobacco area, etc. This arrangement also enables agents for outside Belgian factories to undersell us and thus provide them with an outlet.

ONTARIO The same carload arrangement with the principal jobbers also restricts our activities in this territory, especially in the important tobacco area of Tillsonburg, Delhi, Simcoe, etc., whose reputed yearly consumption amounts to almost 8,000 boxes of Horticultural 24 ounce.

Our expansion is restricted in the North country owing to similar arrangements and Hobbs' close connection with Cochrane Dunlop. We have also in mind various other towns in Ontario such as Peterborough, Owen Sound, Sarnia and Windsor, where we are at a disadvantage.

Baylis, we believe, considers the Consolidated Plate Glass Company his main outlet in this Province.

In summing up the above situation, we are of the opinion that to break in on the direct connections of Baylis is the only way to improve our position with the open buyers. To do this would mean very low prices, we are afraid substantially below the present maximum of 25 and 5%.

The next decision we will have to make is whether it is still in our best interests to continue our carload price arrangements with the principal jobbers such as Hobbs and the Consolidated Plate Glass Company, whose joint purchases from Belgium last year, from confidential information received, are estimated at 76,000 boxes against their purchases from us of 16,000 boxes. For the coming Spring buying season we have nothing booked for Hobbs, and only 2,500 boxes for the Consolidated Plate Glass Company for a customer who demands British Glass. Therefore, it seems to us that we cannot afford to wait any longer to free ourselves from price restrictions, and aggressively meet all competition as it arises.

We admit that the arranged prices in Quebec and Ontario are low, being based on Belgian list less 25% plus only 2½%. This basis was arranged to meet all outside competition, but from reports coming in it is obvious that the outsiders have lowered prices to meet our competition."

(Exhibit A-771)

The reply to this report was dated February 21, 1939, and was as follows:

"We have carefully considered the suggestions you make and so far as the open buyers are concerned we think it would be a mistake for you to try and break in on the direct connection of Baylis. Any action of this sort we feel sure would only lead to a further collapse of prices and this we are most anxious to avoid.

As regards carload price arrangements, we feel that as the Hobbs Mfg. Co. and the Consolidated Plate Glass Co. are not likely to give us any substantial support, the time has arrived when all car load orders should be open: in other words, that there should be no closed buyers for carloads. This may be a drastic break away from tradition, but we gather from your letter that you are in favour of cutting away from some of the present price restrictions.

If you still hold this view, we leave you to take the necessary action for cancelling the carload price arrangements and to arrange your campaign accordingly. At the same time we hope that you will avoid taking any step which may lead to further reductions in prices."

(Exhibit A-770)

As a matter of fact the closed carload arrangement was not abandoned at this time, but was continued into 1940. During the succeeding years and up to the time of the investigation the jobbers were not generally interested in carload business, and the arrangements were not continued as jobbers could dispose of all glass available to them more advantageously in other ways. There are, however, some indications that it was intended that they would be resumed when supplies again became ample.

When the new Canadian factory, Industrial Glass Works Limited, came into operation, Pilkington arranged to vary its degree of co-operation with the association, as shown in the following extract of a letter written by E. A. Bernard of the Montreal office to J. E. Harrison on December 21, 1942:

"We took this opportunity of talking to Mr. Davidson, [Montreal manager of Hobbs]. We reminded him of your statement to Mr. Clare Wood about P.B. reserving the right of freely competing with Industrial Glass Work Co. Ltd., on carload business, and also him agreeing to submit a list of carload buyers who they thought should be left for them to sell and that this list has never been submitted."

(Exhibit A-916)

An earlier departure from the association policy is illustrated by correspondence in 1940, in which Mr. Bernard suggested that a company known as Philbin Hardware of Montreal be placed on the special list. This exchange of correspondence also bears on Mr. Matthews' position respecting the establishment of the list. Mr. Bernard's letter to Mr. Matthews written on November 7, 1940 states:

"This chain of Hardware stores has just been bought by Ovide Taillefer, Wholesale and Retail dealers in automobile supplies and paint. We have been approached by them for their Glass supplies. We understand they need to buy at once Ex Stock to assort their stock in the different stores.

We feel sure that Ovide Taillefer will make a success of this business, and we believe he is entitled to be put on the Special List of Sheet Glass Buyers. He is certainly just as much entitled to be privileged as are Omer de Serres Ltee, La Riviere Inc., Walker Hardware Co., and L. N. & J. E. Noiseux Reg'd.

We have an appointment with Mr. Bastien, their Buyer, early next week, and we would appreciate receiving your reply. We hope you will agree with our suggestion, and remain."

(Exhibit A-963)

Mr. Matthews replied on November 8 :

"Think meantime no hope of success should be held out to Philbin on this request.

The fact of a number of stores, does not help the case as this is similar to argument for Co-operative Companies of various kinds who have not been considered on that ground.

A new owner does not alter the case. These reminders are partly due to the fact that agreement as to recognizing direct Buyers is a joint one between Wholesale Hardware Companies and Glass Jobbers.

The names you mention were already recognized about fourteen years ago before our list was arranged or it is unlikely some of them ever would have gone on.

Wholesale Hardware would certainly strongly object, and they have complied formerly with Glass Jobbers wishes when the boot was on the other foot. There are some Lines that the new Owner probably has been buying direct but such Lines were specialties of a particular kind of Wholesaling he has always been in and not general Hardware Line. Sheet Glass is not one of these special Lines. We have taken names off direct Buyers List but have no recollection of adding to it.

Maybe I do not get your recommendation clearly. — Perhaps you mean the name should be added to Jobbers Carload Buyers List. This would be a different case — if he is not already on.

As to considering him a Jobber is must be recollected that we have more Jobbers now than the ready supply of goods requires."

(Exhibit A-962)

To this Mr. Bernard answered on November 12 :

"We wish to acknowledge receipt of your letter of the 8th instant, and we cannot fully agree with your remarks.

We understand that, when the strict Association policy is followed, your reasons are quite good, but, just at the present time, with this new factory being built in St. Laurent [Industrial Glass], we believe the Association will have to adopt a wider policy, and that Pilkington Brothers Limited, as manufacturers, should not be asked to endorse policies which would interfere with their past connections with large buyers, or which would stop them from getting new accounts.

You also have to remember the way that Hobbs Glass Limited have been marketing Window Glass of late. They do not submit these questions for your consideration, but just go out and get the business at any competitive price."

(Exhibit A-961)

Mr. Bernard also wrote to his head office enclosing copies of this correspondence and on November 15 received the following letter from J. E. Harrison :

"Thanks for yours of the 13th enclosing copy of exchange of correspondence with Mr. Matthews re the Philbin Hardware Company, which we have perused with interest. Of course, if the Association arrangements were being faithfully observed the proper course would be for the members of the Glass and Hardware Associations to consider whether Philbin is entitled to be classed as a wholesaler. We admit, however, that this is a matter which should be decided according to your experience of the competition of the Hobbs Glass or other jobbers. There have been several instances recently of Association Sheet prices being ignored by the Montreal jobbers who appear to decide for themselves who shall be given preferential treatment irrespective of whether they are retail or wholesale.

Our impression is that strictly speaking neither Walker Hardware or L.N. & J.E. Noisieux are wholesalers of glass and we presume Philbin will have a similar status.

Perhaps Philbin would give you an order for an import carload for distribution to their branches."

(Exhibit A-959)

A still further deterioration in the relations between Pilkington and the large jobbers appears to be forecast in a report by J. E. Harrison to Pilkington, England, on October 30, 1943. This report also throws light on the relations which the company had had with the jobbers, and is quoted in part :

"Dealing with the immediate past situation, the Hobbs Co., has been accorded very preferential treatment by you in affording substantial supplies of Sheet Glass at much lower prices than for U.S. glass, in addition to extending the special 5% commission. Frankly we think this favourable treatment will be forgotten as soon as other sources of supply are available.

Even the terms under which the 5% commission was granted have not been observed. Briefly the arrangements made by the writer with C. Wood and J. Hobbs personally, and to which they agreed, was that under no circumstances would they quote less than our minimum Carload prices, putting the 5% into their own pocket, and they undertook not to solicit orders from known Manufacturers' customers. At that time we also emphasized that we must be free to deal with Industrial competition as it arose, which they admitted was reasonable but they appealed to us to be allowed to sell to a few Carload buyers, to which we agreed if they submitted and we approved the list of buyers, but sales to be at not less than our recognized minimum prices of which they, of course, were fully informed.

The main purpose of this letter is to offer the opinion that on the return of normal buying and selling conditions we should not count too much on the big jobbers ordering the major portion of their requirements from us, and that we should adopt an aggressive and firm policy in selling from the Depots. We should start out by co-operating in local Associations but if the jobbers undersell or resort to trickery we should withdraw and act independently. It is our conviction that if we adopted a firm attitude the jobbers would soon realise that it was in their interests to co-operate and we think also it would result in the jobbers being anxious to draw a substantial part of their supplies from you. At the same time we are quite sure the H. G. Co. would not secure anything like the share they have had in the past and therefore would not have the big volume of business to bargain with when negotiating with manufacturers."

(Exhibit A-853)

At the time of the hearings in this investigation Pilkington's selling policy still involved the classification of its buyers into three categories on a basis of selling prices. These were called "Best Buyers", "Ordinary Buyers" and "Secondary Buyers". The secondary buyers were required to pay five per cent higher prices than the ordinary buyers, who in turn paid five per cent more than the best buyers. Thus, on the terminology we have used, the secondary buyers were those who would be considered closed carload buyers, and ordinary and best buyers would be direct buyers.

In the period January to August 1946 the only two companies in the Ontario territory classified as best buyers were Hobbs and Consolidated. For this period eighteen firms, including wholesale hardware houses and small glass jobbers, were listed as ordinary buyers and six were classified as secondary buyers. In this particular period, however, sales made to ordinary buyers were at secondary buyers' prices and secondary buyers were charged more. Thus the differential price in favour of the best buyers over the ordinary buyers was over ten per cent.

About October 1946, Pilkington reclassified its Ontario buyers, adding an additional eight firms from the ordinary to the best buyers list, six being wholesale hardware firms and the other two small glass jobbers. The effect of this was to put these eight firms on the same basis as Hobbs and Consolidated. The rest of the list remained unchanged.

Prior to the war the Canadian import agent for the Czechoslovakian Vitrea sales agency was Joseph A. Taylor and Son, a Toronto firm which at that time was also sub-agent to Frank Baylis for the Union Commerciale, the Belgian plate agency. No records were available from this firm covering the period in question. In the files of Pilkington, Toronto, however, there were copies of an exchange of correspondence in 1935 between J. M. Balihar, an official of the Czechoslovakian seller at that time visiting the United States and Canada, and W. O. Matthews. On March 15, 1935, Mr. Balihar wrote to Mr. Matthews:

"The writer has made a trip to Canada on behalf of the selling organization for Czechoslovakian Factories manufacturing Vitrea Glass, a product which no doubt is known to you. Some of the Canadian Houses have pointed out to me that our agents in their sales do not adhere to channels which are members of your Association. You will appreciate that our Company is very much interested in conducting business in a way that would cause no criticism.

I understand that there is a list in existence showing who are qualified buyers to purchase from the factories directly. In order to have the opportunity of studying our sales policy from this point of view, I would appreciate it very much if you could see your way clear to send me a list of approved factory buyers.

I assure you that whatever information you will kindly give me will be treated in strict confidence if you so desire..."

(Exhibit A-1127)

Mr. Matthews' reply, dated March 19, 1935, was as follows :

"Am obliged to you for your letter of the 15th received today by forward from my Toronto Office.

Am sure the Glass Jobbers here will appreciate any courtesy you may find it possible to extend in the way of co-operation as they have at times experienced considerable difficulty by reason of sales made without proper judgement in the interest of the Whole Trade.

Will have a talk to the Jobbers here and when I return to Toronto. Am sorry I missed you when you were in Canada last. Do you contemplate another trip in the near future? If so would canvass the matter meantime and hold any recommendations until then, as that might be the simplest method of exchanging views on the subject matter of your letter."

(Exhibit A-1126)

Mr. Balihar on March 22, 1935, wrote :

"I acknowledge, with thanks, receipt of your letter of the 19th. instant from Montreal, and very much appreciate the co-operation which you are willing to give our organization. I trust that your discussions with the jobbers both in Montreal and Toronto will result in an understanding which will benefit both the glass trade in Canada and our factories.

Unfortunately, my plans in the very near future do not call for another trip to Canada inasmuch as I am leaving for Europe again during the next week and I regret very much indeed that I do not have occasion to have the pleasure of discussing this matter with you personally. For this reason I am taking the liberty of reiterating my request of sending me a list of qualified buyers so that we may study what effect it might eventually have on our selling policy in the future. I cannot refrain from mentioning that our selling policy depends chiefly on the glass trade in Canada as our aim is to secure a share of the imports and we feel sure that through co-operation from your good office, this can be attained without any disturbance."

(Exhibit A-1125)

Mr. Matthews replied on March 25, 1935 :

"Yours of the 22nd. to hand.

Had proposed to bring up the subject matter of our correspondence at the first opportunity presented by a Conference of the Glass Jobbers and to then advise you further and at the earliest possible moment.

Meantime, am informed by Jos. Taylor & Sons that they are to be appointed your Representatives for Canada. Mr. Taylor is well known to the Trade and has a knowledge of the difficulties of various situations : and in view of your likely absence for a while after this week would be glad, when I have the Jobbers views and with your agreement, to first discuss the matter verbally with him."

(Exhibit A-1124)

When imports from Czechoslovakia were resumed after the end of the last war, the agency for Vitrea was taken over by Paul P. Reiner of Montreal operating as Reiner Trading Limited. Mr. Reiner, a former Czechoslovakian who had served for many years as an official of Vitrea, had come to Canada just before the war began. Records of the company reveal that he consulted Mr. Matthews and received from him a list of glass buyers. Mr. Reiner's report on this discussion is contained in a letter of May 29, 1946 to his principals :

"During my trip I discussed with Mr. Matthews the customer list of Glass Jobbers and Wholesale Hardware companies. We decided that for the time being, I will deal with eleven customers (jobbers) only, listed below :—

1. Hobbs Glass Ltd.,
2. Consolidated Toronto
3. Bogardus Wickens, Ltd., Vancouver
4. Advance Glass — Toronto.
5. Consolidated Plate Glass (Western) Ltd., Winnipeg
6. Queen City Glass, Toronto.
7. Charlebois, Verdun
8. Can. Plate & Window, Toronto.
9. Star Glass Co. Montreal
10. J. P. O'Shea & Co. Ltd., Montreal
11. Reardon Glass & Paint Co., Halifax

(Exhibit I-17)

The eleven firms mentioned in this extract were all glass jobbers, two of them, Star and Charlebois, being non-members of any glass association. The full list which Mr. Reiner received from Mr. Matthews, which is also in evidence, contained many other glass jobbers and wholesale hardware dealers. On September 9, 1947, in another letter to Prague, Mr. Reiner wrote:

"Customers" — For the time being I am restricted to dealing with the wholesale members of the Association only. However, there are a few large hardware companies who are also members of the Association and mentioned on the second list. I think that on large customers such as Marshall Wells, Ashdowne, Wood-Alexander and some others, it may be wise to sell to these firms if I am unable to get sufficient orders from the wholesalers. There is also Walker who buys crystal by the carload in A quality and his orders are accepted by Pittsburgh Plate, Pilkington and Belgium. Therefore I think it would be wise to accept his order because he does not want to buy from Hobbs, and you have seen yourselves, that Hobbs are not ordering heavy sheet glass in larger quantities because they buy it from Pittsburgh. I would greatly appreciate it if Mr. Balihar would be kind enough to consider all the points mentioned in this letter and let me have his instructions with regard to future business by return mail so that I can visit the customers without delay."

(Exhibit I-40)

A number of potential buyers inquiring for prices on Czechoslovakian glass were refused supplies, the reason given being that Vitrea was supplying only its pre-war customers. The documents also establish that an especially low price was accorded to Hobbs Glass Limited to the exclusion of any other buyer.

Mr. Reiner in explanation of these documents stated that when he took over the agency he was very uninformed on conditions in the Canadian market and accordingly was instructed by Mr. Balihar to obtain from Mr. Matthews a list of customers and after a short time to add to this list. He said that this was suggested because the Head Office at Prague had lost its files during the German occupation. He denied that he had made any agreement with the association or others about the customers to whom he should sell and that more recently, as supplies became available, he had extended his clientele. He further stated that in the future he intended to increase the number of buyers still further but with one limitation: that he did not intend to sell to customers of his customers.

It has been noted that during the war the American producers began to supply a large part of the Canadian market. Representatives of two of the leading United States manufacturers were examined in the inquiry, an employee of Pittsburgh Plate Glass Company and the Canadian import agent of American Window Glass Company.

John de Bruyn Kops, Pittsburgh Plate Glass Company's sales representative in Canada, stated that his function was merely to take orders and transmit them to his principals, who carried on all the necessary business. His instructions were that plate glass buyers were to have first call on what small supplies of sheet were available. However, a few other buyers had also been sold. He had had no conferences with glass jobbers or anyone else in the Canadian trade as to who was eligible to buy.

The records of Joseph Taylor and Son, of Toronto, agent for the American Window Glass Company, were examined. There were in these files a number of cases in which Taylor had refused to sell to potential customers inquiring for substantial quantities of sheet. In some of these cases the business was turned over to one of the jobbers.

One instance of refusal to sell is found in an exchange of letters between Mr. Taylor and the American Window Glass in 1944. The latter wrote on February 26, as follows:

"Mr. M. A. Desser of the Emdeca Products Co. of Montreal called on the writer a week or two ago regarding the possibility of his buying glass either direct or through a Pittsburgh jobber. For some reason he does not wish to buy through a Montreal Jobber and we understand it would embarrass you if it were handled direct with him.

He seems to be desirous of placing a fair volume of business with us and we believe if it will not interfere with the situation in Montreal that it might be advisable to permit him to place his business with a Pittsburgh jobber.

Will you please let us hear from you?"

(Exhibit D-25)

The reply of W. A. Taylor, dated March 6, stated:

"... Your letter of February 26th re M. A. Desser of Emdeca Products has been forwarded on to me here and I am instructing my office to reply to it.

Frankly, Mr. Parker, I think Mr. Desser is proving somewhat of a nuisance as I don't think under any circumstances, can he be considered as a glass jobber, and it might be establishing a rather dangerous precedent to depart from our regular policy in selling or in anyway encouraging an outsider to purchase from the regular channels of supply. There are several firms I know of in Montreal that would be willing to place a good volume of business direct if they could do so. I don't see why any exception should be made of Mr. Desser. If I recall correctly, one of the jobbers here offered to sell him on a very reasonable margin, about 5% I think, which you, yourselves, agreed at the time was quite fair."

(Exhibit D-26)

It is also significant that copies of both these letters, and others of similar tenor, were sent to O'Shea, Consolidated, Hobbs and Mr. Matthews.

Mr. Taylor was questioned about a letter he wrote to his principals on January 9, 1945, which states:

"For your confidential information, the Saskatoon Glass Co. was never on the regular jobber's buying list and it would not be in keeping with the wishes of the trade here in Canada that we would sell him Window Glass or any Glass for that matter direct."

(Exhibit D-75)

He was asked what was meant by the term "regular jobber's buying list" and also how he would ascertain the wishes of the trade. His explanation was that an intelligent salesman does not sell to the customers of his own clients and that the reference to a list was to one made up by himself. In any instance of an inquiry from a prospective buyer he would try to find out if this buyer was normally sold by one of his customers. Mr. Taylor's general position in his own words was this:

".....as a general rule it has been my policy, and it is my bread and butter, to work with my customers. In general, most of them [the agents] did. I could not go promiscuously into any town or city and sell some customer off-hand, who wanted to buy glass, because he might be purchasing from one of my customers. From my standpoint I would not sell any more glass, would I? Service is one of the things we have to give to our customers, and in that respect it is simply protecting his interest up to a point."

(Evidence, p. 1200)

Alexis Nihon, president of Industrial Glass Works Limited, said that his firm and its agent, Alexis Nihon Company Limited, sells in carload lots or smaller quantities to any purchaser who is able to pay. These buyers include retail and wholesale hardware dealers, glass jobbers and sash and door factories. All buyers, he testified, pay the same price except wholesale hardware firms, which receive an additional five per cent discount.

The absence of well-defined cartel agreements, the existence of some outside competition and the greater pressure of excess capacity resulted in fewer restrictions in the sale of sheet glass at the manufacturing level than were observed in the case of plate. Nevertheless, as the evidence in this section demonstrates, marketing methods in Canada for sheet and plate glass have been similar in many respects. This no doubt is partly explained by the fact that the same manufacturers have produced, and several leading import agents in Canada have sold, both products. The evidence which has been discussed in this chapter falls short of demonstrating an overall conspiracy between all manufacturers and their agents and the sheet buyers. There have been many arrangements of a restrictive nature, however,

and the individual policies of manufacturers and their import agents with respect to differential selling prices and the selection of customers have favoured the large association buyers at the expense of other direct buyers. Such policies have denied access to supplies at the most favourable prices to other firms buying in quantities large enough to warrant direct connection with the manufacturers.

The evidence does, however, indicate that in more recent years the restrictions upon competition have not been as strong as they were earlier. On the other hand the pattern of the sheet glass business at the manufacturers' level will be profoundly changed as the result of the purchase of Industrial Glass by Pittsburgh Plate Glass especially if, as is reported, Pilkington opens a factory in this country. In view of the expansion of the branch businesses of the Canadian Pilkington company and of the Hobbs company, which is associated with Pittsburgh Glass, these developments are likely to have the effect of consolidating the sheet glass business even more in the hands of these two companies, with what other effects on the trade it is difficult to predict.

3. Thick Sheet Glass

Thick sheet glass, otherwise known as heavy sheet or crystal, is made by the same processes as is window glass. The restrictions surrounding its sale have been dependent upon the fact that by further processing thick sheet is convertible into plate, and the additional fact that thick sheet may be directly substituted for plate in certain uses.

Modern methods of plate glass manufacture involve a continuous process from the melting of chemicals in the furnaces to the emergence of finished plates duly ground and polished. Nevertheless plate may also be made by grinding and polishing thick sheet glass, and the quality of such plate would of course be dependent upon the selection of the glass to be finished and the care with which the grinding and polishing process was carried out. The fear of manufacture being carried out by this process gave rise to the clauses in the international plate cartel agreements that the parties would "refrain from knowingly selling thick sheet for grinding and polishing". This apparently became a practical matter in Canada about the end of 1939, when Paul P. Reiner, now the Czechoslovakian window glass agent, came to Canada with the intention of producing plate from thick sheet, a project which was never carried out. In his evidence Mr. Reiner ascribed his failure to carry out the plan to government discouragement of such ventures in wartime. However that might be, the evidence shows that as soon as his plans became known to the plate manufacturers, widespread efforts were made to prevent him from obtaining the necessary supplies of thick sheet.

W. H. Pilkington, an English director of both the English and Canadian Pilkington companies, and president of the latter, wrote to J. E. Harrison on December 18, 1939:

"Further to our letter of November 29th we now have further information about PAUL REINER who, we understand, sailed for Canada two or three days ago.

The proposal is to instal a plant with two grinding machines and four polishing machines, using Thick Drawn Sheet 1/4" thick, 130 x 220 c/m., approximately 30 ft. super . . .

He expects to have to sell at 25% below our current G.G. prices in Canada . . .

We, together with the other Belgian and French Plate Glass Manufacturers, would be under an obligation not to supply Thick Drawn Sheet to any firm wishing to grind and polish it, and we take it that the American Plate Glass Manufacturers would adopt a similar attitude. If the occasion arose, would you anticipate any serious difficulty in persuading the American Window Glass Company to refrain from supplying REINER directly or indirectly with Thick Drawn Sheet?

We have no objection to your conveying all the above information, confidentially, to Mr. Wherrett [Pittsburgh] and to Mr. Biggers [LOF]."

(Exhibit A-616)

Thereupon, J. E. Harrison wrote a letter, marked "private and confidential", to J. D. Biggers, of Libbey-Owens-Ford Glass Company at Toledo, Ohio on February 5, 1940, stating in part:

"I think you will be interested in perusing the enclosed copies of letters received from Mr. Harry Pilkington regarding the plans of one Paul Reiner, a Czech refugee, to grind and polish Thick Drawn Sheet in Canada.

Considering the prices he would have to pay for 1/4" Sheet Glass (if he could obtain it in a satisfactory quality) we very much doubt his ability to produce the finished article at prices competitive with those of the Associated Plate Glass Manufacturers. Reiner will also find the costs of labour, machinery and materials much in excess of what he has been accustomed to in his own country...

On my next visit to Pittsburgh I purpose to confer with Mr. Monro with a view to placing all the information before him in the hope that he will discourage Reiner from proceeding with his venture."

(Exhibit A-618)

William L. Monro, referred to above, was president of the American Window Glass Company, one of the three largest sheet glass manufacturers in the United States.

A copy of a letter of March 1940, from Mr. Harrison to W. H. Pilkington at St. Helens, contains the following report:

"Since writing you on the 19th February I have not heard anything more of Dr. Busch or Paul Reiner, and as I have learned that Mr. Monro is in Florida on vacation and will be away for the next five weeks I have not been able to approach him. However, a few days ago when discussing this matter with Mr. Wherrett he mentioned that Mr. Monro had told him that he did not intend to supply Paul Reiner with Heavy Sheet, therefore, the situation appears to be satisfactory from the Plate Manufacturers' point of view. We do not suppose the quality of the Sheet Glass made by the Fourcault Group in the U.S.A. will be suitable for grinding and polishing, however, we will try to keep posted and will let you know of any developments."

(Exhibit A-619)

The policy of the manufacturers and association jobbers on the limitation of sales of thick sheet in Canada has been the product of both their individual and joint interests. The evidence, which records a number of instances of action being taken both by manufacturers and by jobbers, does not reveal from which of the two groups came the initial motivations. The joint policy of both groups is inextricably woven together in the evidence, and, although what follows attempts to segregate each type of action, it is not completely successful for this reason.

The jobbers' association, for example, has made determined efforts to curtail the sale of thick sheet in storefront sizes, and it has done so in a variety of ways. A memorandum of the Toronto Conference dated November 17, 1936, from the files of the Hobbs Company contains the following item:

"(2) Thick Sheet (Crystal) not to be quoted in Store Front Sizes.

This is a reminder of a rule that has been in force for some time."

(Exhibit B-608)

Both the agenda and memorandum of a meeting of Principals in Montreal on November 14, 1938, at which the Montreal members were called in, dealt with this subject as follows:

Agenda: "(b) Large Crystal for Store Fronts supplied by others?"

(Exhibit F-111)

Minutes: "(b) Large Crystal not to be supplied for Store Front use."

(Exhibit F-112)

The matter was also dealt with at other meetings of the Principals and of the managers at both Montreal and Toronto, and was the subject of correspondence on many occasions throughout the period. Mr. Matthews took

part in the enforcement of this provision as shown in the copy of a letter to Hobbs, Montreal, on February 15, 1937, which reads:

"Val D'Or Hardware, Val D'Or, Que.

Above inquired quotation of Montreal Member on Crystal 84 x 96 and 36 x 84 apparently for store front. Member refused to quote. Customer says he expects to secure from either Hobbs or W. E. Phillips Company.

We are passing this information on to you in case you get the inquiry."

(Exhibit B-636)

On May 4, 1937, J. E. Harrison of Pilkington wrote to his Hamilton Branch manager as follows:

"From one or two sections of the Dominion it has been reported that occasionally store front jobs have been wholly or partially glazed with Thick Sheet Glass, but we believe the legitimate jobbers continue to discourage the use of Sheet Glass for this purpose, and it is our intention to support them to the utmost.

We should like to have your assurance that Sheet Glass has not been used by us in any fronts we have secured, and that this policy will be continued. You will appreciate that we are very anxious not to countenance the use of Thick Sheet for store fronts, as there is no doubt it would lead to a much wider use and be not only injurious to the Glass Jobbers' business but to us as Manufacturers of Plate Glass.

If you know of any jobs where Sheet Glass has been used during say the past six months, please let us have a list of them, stating who were the suppliers."

(Exhibit A-1173)

Mr. R. M. Bryson replied on May 7, 1937, in part as follows:

"Replying to your letter of May 4th., regarding the use of Thick Sheet for storefront installations.

Recently we had an enquiry for a small store in the foreign section of Hamilton, requiring:

2 Lts. 72 x 72, and
2 " 30 x 72, Returns.

The job was merely a small projection on the front of a house, and ordinarily would call for Sash and Double Diamond Glass. However, we did give a price on 32 oz. with wood mullions, namely:

4 Lts. 32 oz. 36 x 72
2 " " " 30 x 72

Our price was based on 60¢ per foot, less usual discount, and forwarded to Mr. W. O. Matthews. Later, Ontario Plate Glass Limited were asked to quote, and we discussed the situation, deciding to withdraw our price, which has already been done...

In the future, however, we shall refrain from quoting 32 oz. or Crystal, under any circumstances..."

(Exhibit A-1175)

J. E. Harrison wrote again to Mr. Bryson, according to a copy of a letter of May 28, 1937, found in his files and initialled "H," which stated in part:

"We duly received your letter of the 7th inst., and can only say that we are amazed to find one of our Branches offering Thick Sheet Glass for store front work.

You are placing us in a very embarrassing position, as this question has been brought up from time to time during the past twenty years, and sometimes against serious opposition, but we have insisted that if any attempt were made to substitute Sheet Glass for Plate we would immediately withdraw from any price maintenance arrangements, further we have made it known from Coast to Coast that we would, free of charge, take the Sheet out and re-glaze with Plate if permitted, no matter what jobbing house had supplied the Sheet.

We may tell you quite frankly that our stand has been responsible for practically the whole of the store front business being confined to Plate Glass, as if we had weakened there is no doubt Heavy Sheet would have been used very extensively.

If the instance under notice happens to be brought to the attention of the Principals' meeting I really do not know how we are going to defend ourselves.

It is a serious breach of the Firm's policy, and I hope there will be no further departures attempted by you or your Staff...

We are very glad to note from your concluding paragraph that none of the other Glass Firms has supplied Crystal for store fronts. This is good evidence that they recognise how the Plate Manufacturers feel regarding the substitution of Sheet for Plate."

(Exhibit A-1174)

Restrictions were also imposed by the association on the use of thick sheet for mirrors. While large thick sheet mirrors are of an inferior grade to plate mirrors, they have nevertheless been made and sold for a long time. The report of the United States Tariff commission on Flat Glass and Related Products, published in 1937, makes the following statement, at page 165 :

"As large mirrors are used principally in furniture or with furniture, they are made for the most part in or near the more important furniture manufacturing centers, such as Grand Rapids, Mich., New York City, Jamestown, N.Y., Bloomington, Ind., and High Point, N.C. Substantial quantities of large mirrors are produced by the manufacturers of plate and window glass as well as by jobbers of these products and by concerns engaged in the manufacture of miscellaneous glass products."

On January 26, 1937, however, J. E. Harrison wrote to his Montreal manager :

"We thank you for your letter of the 25th inst., and while not surprised at the H. M. Co.'s action in the matter of selling 32 oz. mirrors to Saguenay [a furniture manufacturing company] we are very disappointed, as recently we have begun to feel that the H. M. Co. were trying to act in an honourable manner in carrying out the Association Agreement.

You will be interested to learn that this matter was brought up at the Principals' Meeting on the 25th inst., and very thoroughly aired. After expressions of dissatisfaction from several Members Mr. Davidson quite frankly admitted that his Company was at fault, although he maintained that the responsible party was Marcoux [Hobbs Quebec manager]. He also gave an undertaking that there would be no repetition, and if anything of the kind happened again serious measure would be taken to discipline the party at fault.

It was unanimously agreed to be bad policy to supply Heavy Sheet Glass Mirrors, and in the case of future enquiries all Members should jointly arrange means of discouraging buyers against using such mirrors. If, however, a jobber is forced to quote a conference must be held and high prices fixed, and the party or parties quoting must point out in writing that 32 oz. Sheet produces a very unsatisfactory quality of mirrors; further, it must be pointed out on all quotations that no guarantee can be given, and no rejections will be allowed."

(Exhibit A-1054)

On December 7, 1937, this policy was modified according to a confidential letter from J. E. Harrison to E. A. Bernard, a copy of which was found in Pilkington's files. An extract from this letter reads :

I attended a protracted meeting of the Principals yesterday, when many subjects were brought up for discussion.

You will be interested to learn that after a long discussion, and it being the general opinion that the furniture factories in Ontario would adopt heavy Sheet mirrors in some of their furniture, and that if the glass jobbers stubbornly refused to supply the furniture people would use every effort to bring in supplies from outside, it was arranged that Crystal mirrors should be sold at 80% and 25% off the present Mirror list, and that no guarantee whatever would be given on glass or work, furthermore, no name or other identification mark should be put on by the mirror maker."

(Exhibit A-1062)

Nevertheless, the policy of the jobbers was still to discourage the use of thick sheet mirrors, according to a memorandum in Hobbs' files dated March 13, 1939, which states :

"Furniture Mirrors (thick sheet) Ontario territory.

On February 10th last you were notified of price of Crystal Mirrors to Furniture Factories, effective only in Montreal Territory (Quebec).

It is not desired to solicit orders from Furniture Factories in Ontario for Thick Sheet Mirrors and we are trusting no effort will be made to push the sale of them. However, as the List of February 10th. is effective in Quebec and Ontario, Furniture Companies will likely be advised of it and as it has been the rule to have both Territories on the same price level; Ontario Members may now quote the Quebec Thick Sheet Mirror price to Ontario Furniture Factories in case of any enquiry.

W.O.M."

(Exhibit B-1155)

As late as June 19, 1947, a teletype from Hobbs' files, addressed to F. Jones, the sales manager at London, states :

"...IT IS OUR INTENTION NOT TO ISSUE THE HEAVY SHEET PRICE FOR ONTARIO.

C. F. Wood"

(Exhibit B-243)

In 1934 efforts were apparently made by J. P. O'Shea and Company to induce manufacturers to limit the size of thick sheet sold in Canada in order to prevent its use in storefronts. Mr. Matthews was informed of these activities and forwarded copies of the correspondence to member firms. A memorandum dated June 21, 1934, addressed to the four Principals of the day by Mr. Matthews, attached a copy of a letter from J. P. O'Shea to the agent of the Belgian Sheet Glass Works Union. This copy reads :

"During the past year or so our firm has suffered in common with other established houses, from what may be rightly termed unfair competition, coming principally from employees, hardware firms and other places where it is considered quite the proper thing to deceive the buyers and obtain a high price for a cheaper product.

Selling thick sheet for plate is quite a business here just now, making it hard to sell plate for store fronts and making no friends for the sheet glass, as after everything is said, substitutes make few friends.

We would like to enlist you in our cause, and assign to you as your first important duty the task of interceding with your principals with the view of :—

- 1st. Refuse to ship drawn glass of any thickness to any part of Canada over the size of 48 x 84".
- 2nd. Refuse to ship drawn glass of any thickness to the U.S. in bond, that might be reshipped to Canada over the size 48 x 84".

If this assurance could be obtained from your principals and they in turn use their influence with other manufacturers, we feel confident conditions here would be greatly improved and, over a period of months your sales of heavy sheet would not suffer to any extent.

Your people could also lie down to rest with the assurance that they are not furnishing a safe harbour for these glass pirates or encouraging 'fly by night' concerns.

Your co-operation in this matter will be greatly appreciated."

(Exhibit B-485)

Other manufacturers were apparently approached at the same time by O'Shea, according to the documentary evidence. A copy of another letter, described by Mr. Matthews in a memorandum to the Hobbs company as having been received from O'Shea on July 19, 1934, reads as follows :

"Mr. Bell of Munderloh & Co. has just delivered to me a letter from :—

Rheinsche Ziehglas Aktiengesellschaft Porz-Urbach.

'Re heavy drawn sheet glass, we are prepared not to offer larger size of heavy drawn sheet glass on your market than 84" x 48", on the understanding, however, that all the other manufacturing houses adhere to this restriction.'

I would be very grateful if you would communicate this information to the members in Toronto and ask them to kindly co-operate with this letter."

(Exhibit B-487)

On September 19, 1935, a confidential letter from H. R. Harrison, then Pilkington's Montreal manager, to head office, stated :

"J. P. O'Shea & Co. received a confidential letter from Arthur Taylor of Toronto, enclosing copy of an order he had received from Witting Bros., Montreal, for twenty (20) cases of heavy sheet 3/16th., 7/32nd., and 1/4", all in Store Front sizes. There were also copies of cables, one from the Vitrea Factory, advising Taylor that Witting Bros. Montreal agent wished to purchase heavy sheet and stating that Taylor's sales were so small in this kind of glass, they, the manufacturers were very interested and that Taylor would receive his commission on the sale. Taylor's reply was to the effect that he certainly did not advocate making such a sale. The actual wording, as far as I can recollect it, is :— 'IRREVOCABLY NO EFFECT WOULD BE RUINOUS'.

Taylor's object in sending the particulars to O'Shea, he states in his letter, is that he is somewhat at a loss to know how to diplomatically turn down Witting Bros. by letter. We were called into consultation, in an effort to find a formula. Our advice to Fickett, of J. P. O'Shea & Co. was to the effect that Taylor would be well advised to take a straightforward firm stand, that he could not accept the order because it would not be in the interest of his Principals to supply a competitive Manufacturers' Agent, pointing out that as he, Taylor, is recognized as sole Agent for Vitrea glass, Witting Bros. would see the impossibility of the situation of his selling another Agent with any of the products of his own Principals. We also advised Fickett, to then point out to Taylor privately, that it would certainly not be in his own interest to supply Store Front sizes in heavy Sheet, having in mind his Plate agency. Further, that there is no doubt the supplies of heavy Sheet are intended to reach the 'Shyster' jobbers of Montreal, who would certainly use it for Store front glazing. This may be the direct result of the cutting off of cheap U.S.A. plate supplies. Of course, this is only my own personal observation."

(Exhibit A-1139)

The following correspondence indicates one way in which the sale of thick sheet mirrors might be controlled under the system of distribution which has existed in Canada. According to this evidence the Czechoslovakian sheet glass producers wished to sell thick sheet mirrors in Canada and so instructed their agent. He, however, was at the same time agent for the Belgian plate producers, and the correspondence indicates that efforts were made to exert pressure upon him through his Belgian principals as well as by the jobbers themselves.

On March 18, 1936, E. A. Bernard of Pilkington, Montreal wrote to J. E. Harrison at Toronto :

"JOS. TAYLOR & SON

At today's Meeting Roscoe [Atlantic Glass, then a member] had a circular which he had just received from this firm in Toronto, concerning Vitrea glass, Polished, Bevelled and Silvered. This circular showed photographs of all kinds of mirrors and other interior glass fixtures. I understand that a letter written by Jos. Taylor & Son, states that they can market this article, at very attractive prices. The name of the Firm who is supposed to manufacture these goods, is 'Bleistadt's'.

Some of the Members were under the impression that Jos. Taylor & Son had no right, as a representative of the Belgian Plate Glass Syndicate, to offer Vitrea Sheet already silvered, polished and bevelled. You have probably heard of this in Toronto, but in case you had not, I thought this information might be valuable to you."

(Exhibit A-1080)

Mr. Harrison's reply of March 19, 1936 was :

"J. TAYLOR AND SON

We were very interested to learn from yours of yesterday of the offering by Taylor to the Atlantic Company, of Vitrea Glass, Polished, Bevelled and Silvered, and we are inclined to the same impression as some of the other Members of the Association, in that Taylor as Agent for the Union Commerciale is not permitted to handle Polished Sheet, owing to this Glass being obviously a substitute for Plate Glass Mirrors, and of course, against the interests of the Syndicate.

I would suggest that you mention this to Mr. Baylis, who will not hesitate to give you his frank opinion.

For your guidance, we may say we propose to report this matter in the right quarter, but will defer taking action until you, or ourselves, have talked to Mr. Baylis."

(Exhibit A-1079)

Mr. Bernard again wrote, on March 24, in part as follows :

"We were able to confer with him [Mr. Baylis], this afternoon on this subject and he advised the writer that he wrote you personally on this matter, yesterday. He also mentioned that he had tried to secure this circular from Mr. Roscoe of the Atlantic Glass Co., but that Mr. Roscoe had mailed his copy to Mr. W. O. Matthews, but was writing Mr. Matthews to turn over this copy to you.

Mr. Baylis certainly appears to be of exactly the same opinion as yourself and the Members of the Association."

(Exhibit A-1078)

The reply of J. E. Harrison, dated March 23 (apparently in error) includes the following :

"For your information, and we would also like you to inform Mr. Baylis verbally, the writer conferred with Mr. Wood of the H. M. Co. by telephone this morning and learned that the H. M. Co. had already taken this matter up seriously with Mr. Taylor, whose only defense was that he had merely sent the circulars to the leading Jobbers. However, he appeared to appreciate that it would have been better not to have sent the circulars out at all."

(Exhibit A-1077)

Also in Pilkington files was the copy of a letter dated March 24, 1936, from J. E. Harrison to Frank Baylis, which is reproduced in part :

"Many thanks for your personal note of the 23rd, enclosing copy of the letter you have written to Mr. de L. [de Longueville, Union Commerciale des Glaceries Belges]. As a matter of fact, I was advised a few days ago of this matter having been mentioned at the Association Meeting, and in my letter to Mr. Bernard I stated that we were in agreement with the views expressed by several of the leading Jobbers, in that a Representative of the Continental Plate Glass Manufacturers was not permitted to sell Sheet Glass Mirrors, as obviously it was against the interests of all the Plate Glass Manufacturers. I have read your letter to Mr. de L. very carefully, and think it places the matter before your Principals in a very suitable manner, and I have no suggestions to offer. I trust that suitable action will be taken."

As this matter has been placed before us officially, as a result of a regular Association Meeting, I propose to advise our Principals about it."

(Exhibit A-793)

In February and March 1941 the matter of non-members of the association obtaining supplies of thick sheet was the subject of correspondence between members of the Pilkington organization, and between them and Consolidated Glass. This correspondence also throws light upon the broader picture of the relations existing at that time among the association members, non-members and the manufacturers.

E. A. Bernard wrote to J. E. Harrison on February 12, 1941 :

"We had a telephone message this morning from Mr. Roscoe, Sr. [formerly of Atlantic Glass, acquired by Hobbs in 1938], who advised the writer that he was now working for La Cie Wisintainer & Fils Inc. We had heard rumours of this yesterday afternoon."

Mr. Roscoe telephoned the writer to tell us that they did not intend going into the Glass Jobbing business. They had moreover 40 Cases of Thick Sheet in very large sizes, ranging from 70/78" x 100", which they would like the Glass Jobbers to buy from them, as they realized that, if they sold these to the Glass trade, it might disturb the Association arrangements. It is wonderful to see, now that Mr. Roscoe does not belong to the Association any more, how he is concerned over its success. Mr. Roscoe has also telephoned the other members of the Association along the same lines. He will give Mr. W. O. Matthews a list of the Thick Sheet that Wisintainer have in stock, and the purchase of it will be given careful consideration."

We hope Mr. Roscoe is sincere when he claims that they do not wish to do any Glass Jobbing business, but it is the impression that, if it would help his position with Wisintainer, he would try to induce them to become Glass Jobbers. We thought you would like to have this information."

(Exhibit A-922)

Mr. Harrison's reply of February 14 is quoted in part :

"We were disappointed to learn from your letters of the 11th and 12th of the important quantities of Thick Sheet in store front sizes being in the hands of Wisintainer and the Jewish outsiders. There is no doubt these people have taken advantage of their knowledge that we wished to discourage the use of Thick Sheet, which is not surprising. We are very much concerned and have already conferred with the chief suppliers, namely Pittsburgh Plate Glass Co., who, when we explained that these sales would displace so much Plate, agreed that the orders should not have been taken by their representative. We informed the P.P.G. that the jobbers would certainly discipline Baylis [agent for P.P.G. after the war cut off Belgian supplies] for placing these undesirable traders in a position to attack the legitimate trade by substituting Thick Sheet for Plate."

We are interested to learn that Roscoe is with Wisintainer and, with you, would discount any offer of Mr. Roscoe's to co-operate for the success of the Association. There is no doubt

that it is Roscoe's intention to encourage Wisintainer to become a glass jobber, and your Association will doubtless take all possible steps to prevent Wisintainer from making any progress in this direction.

As mentioned to you this morning the P.P.G. Sales Manager admitted supplying Montreal Picture Frame, Star Glass Co., Wisintainer and others with Thick Sheet in quantities but in view of the report made at your meeting yesterday that Wisintainer's 40 cases were of Belgian manufacture, we would advise that careful enquiries be made to confirm this or otherwise, as we intend to take the matter up very thoroughly at our next meeting with the P.P.G.

Mr. Vance [P.P.G., Pittsburg] in admitting supply of these 40 cases may have given a quick answer without definite knowledge of the quantity but there is no doubt he has executed orders for Wisintainer.

As mentioned to you by telephone this morning we have discussed this matter with Mr. Jack Hobbs who would be very much obliged if you would confer with Mr. Guilboard, as Baylis should be told by some of his jobber customers that it is against his interests to sell Thick Sheet in large sizes.

We learned from Mr. Hobbs that they have felt sympathetic towards Baylis during the past few months and accordingly have been placing substantial orders with him for Plate and other goods.

For your guidance the P.P.G. and other Sheet Glass Manufacturers in the United States have applied the following limits to Thick Sheet, namely,

68" x 76" wide by not exceeding 60' superficial."

(Exhibit A-921)

On March 18, 1941, J. E. Harrison wrote to J. W. Hobbs, president of Consolidated, as follows :

"With reference to your remark that one of your men had seen four cases of large sizes of Heavy Sheet Glass of our make being delivered to Yarmolinsky, I have been investigating this morning and at the outset I may say that we have not sold Yarmolinsky or his firm, the Independent Glass Company, any glass or goods of any description for many years, unless he has made small cash purchases over the counter.

Therefore our conclusions are that one of the Toronto jobbers is supplying Yarmolinsky with glass of our make but it is certainly not Heavy Sheet in large sizes. We hope you will go into this matter further as it is very desirable to remove this wrong impression from your mind.

I also wish to give you a definite assurance that since Mr. Harry Pilkington's visit we have not accepted or solicited any orders in Canada for Heavy Sheet Glass in large sizes, and this is in accordance with what was stated by Mr. Pilkington at his meetings with the Toronto and Montreal Associations."

(Exhibit A-568)

On March 20, Mr. J. W. Hobbs replied :

"I have yours of the 18th re Yarmolinsky. I note that you have not sold him any glass or goods of any description for many years.

I think you have been misinformed, or else your glass is being sold to him by Phillips or others. Within the last two months there were two of your cases of plate glass delivered to him, marked 'Britain Delivers the Goods', and carrying a flag.

My brother is not here this week, so I have not been able to check up on the crystal glass, but that I understand was some months ago, and last year, in which event it might have been sold by the same party as delivering your plate."

(Exhibit A-567)

Mr. Harrison rejoined on March 21 :

"I thank you for yours of yesterday regarding Yarmolinsky and note your comments. In reply I wish to state that after further careful investigation I can reaffirm that Pilkingtons have not supplied or solicited business from Yarmolinsky or his firm. I can also state that the W. E. Phillips Glass Company have not supplied or solicited this firm's business, and a perusal of our ledgers for 1939, 1940 and 1941 does not reveal the name.

Therefore, as stated in my letter of the 18th instant, one of the Toronto Jobbers must be supplying Yarmolinsky with glass of our manufacture, but again it is certainly not Heavy Sheet in large sizes as we have not sold any to the Jobbers.

It is interesting to learn that two of our cases of Plate Glass were delivered to Yarmo-

linsky recently, but, as stated, we definitely have not sold the goods to him, nor have the W. E. Phillips Glass Company. Accordingly, I am asking you to accept my assurance as being official and authentic.

Yarmolinsky or Independent Glass Company may have made some cash purchases over the counter but we do not think so, indeed we believe your Company are favoured with their counter business."

(Exhibit A-566)

Reporting to England in a letter of May 19, 1941, J. E. Harrison wrote :

"Having heard that Thick Sheet large sizes had been bought from the P.P.G. by non-members of the Association, we took the matter up on our last visit to Pittsburgh, when Mr. Vance claimed that the orders we referred to had been taken prior to Mr. Harry's visit. He stated, however, that quite a few orders had been executed for Thick Sheet in silvering sizes for both members and non-members.

Mr. Vance, of course, was aware our Director had endeavoured to discourage the use of Thick Sheet in sizes other than those used by the Mirror and Automobile trades but to avoid future misunderstandings Mr. Vance asked what we would consider the limits within which Stock Sizes should be sold. We thought the matter of sufficient importance to bring before Mr. Wherrett and Mr. Tucker for discussion, and although 25 ft. had been mentioned as a maximum for economical cutting down it was unanimously decided on the suggestion of Mr. Wherrett, and subject to your approval, that no orders should be accepted for Stock Sizes exceeding 15 feet super. Mr. Tucker thought he could get the A.W.G. and Fourco Co. to observe this limit for Canadian orders.

Mr. Harry in his conversation with P.P.G., L.O.F. and the Canadian jobbers had suggested a limit of 7 ft. but this was intended to apply to Cut Sizes.

We should be glad to have your approval of the 15 ft. limit for Stock Sizes although we are afraid we cannot expect the U.S.A. Manufacturers to maintain this arrangement when the Industrial Co. gets into production."

(Exhibit A-741)

This approval was given by the English company in a letter of June 11, 1941.

The matter was raised again, however, in a letter of March 25, 1943, from R. B. Tucker of Pittsburgh to J. E. Harrison, which states :

"Upon my return to the office this morning, I checked with the Window Glass Department as to the maximum lengths of Heavy Window Glass we supply to our domestic trade. I find that my recollection was in error, and that the length established for a period of more than eight years has been 120" and not 100" as I stated to you. While I am sure we will be glad to co-operate on any size limitation that you think can be enforced, I do not see that much is to be gained unless we can obtain similar action on the part of other American manufacturers (American and Fourco). However I shall be glad to have you write me frankly, because if we have disregarded an accepted obligation, I should like to know about it and do whatever we can to bring about correctives.

I enjoyed very much, as always, being with you, and I look forward to your visit during the coming week."

(Exhibit A-731)

Mr. Harrison wrote R. B. Tucker on April 12, 1943 as follows :

"Referring to your letters of February 17th and March 25th and our several conversations at New York and Pittsburgh, I think it well to advise you that under date of March 29th we circularized all our Branches in Canada instructing them to eliminate the 1/4" thickness line from our price list, explaining that we do not wish 1/4" to be offered. At the same time we requested our Representatives to promptly advise us if they find Fourco or American Window Glass making sales of 1/4" to any buyer in Canada.

We also by the same opportunity advised that Heavy Sheet Glass must not be offered in lengths exceeding 120".

Incidentally we are still awaiting instructions from St. Helens with respect to our suggestion that we be allowed to sell Heavy Sheet Glass in Canada at the U.S.A. Manufacturers' laid down prices."

(Exhibit A-733)

He also reported to Pilkington, St. Helens, on April 1, 1943, to the following effect :

"After conversations with the Pittsburgh Plate Glass Company we have instructed our Depots to eliminate the Thick Sheet prices for 1/4" thickness.

Apparently the Pittsburgh Plate Glass Company who do not show 1/4" thick on their Tariff have discouraged the sale owing to the obvious effect it would have on the sales of

Plate Glass, whereas the American Window Glass Company's Tariff included $\frac{1}{4}$ " thick, but we believe very few sales are made in the U.S.A.

The question was raised by the P.P.G. as to our intentions in Canada and we were able to state that practically no $\frac{1}{4}$ " Glass was stocked by us or purchased by the Jobbers, although it was pointed out that most of the Jobbers had been buying principally from American for the last two years.

The question of limitation of size came up and as the agreement in the U.S. is to limit the length to 120" it was felt that we could do the same in Canada.

However, the Industrial Glass Works we believe, when starting up their tank made a certain amount of Thick Sheet which is being offered at low prices and with apparently no limitation of size so that the situation would have to be carefully watched."

(Exhibit A-732)

A letter dated April 8, 1944, found in the files of Joseph Taylor and Son, from American Window Glass, for which Mr. Taylor was agent, contained the following:

"Answering yours of the 6th, wish to advise that it is the policy of all manufacturers in this country to limit the cutting of heavy sheet glass to 120" long. We would not be inclined to increase this length."

(Exhibit D-29)

In the section on plate glass reference was made to the pre-occupation of the plate manufacturers with the competition which might arise if non-manufacturers of glass were to process thick sheet by grinding and polishing to make plate. Question was there raised whether improvements in the processes of making plate glass were being reflected in the level of plate prices. The other restrictions which have been noted also point clearly to the desire of both manufacturers and jobbers to maximise their sales of plate from which a larger return is obtained. This, of course, is not the case where the thick sheet manufacturers who do not produce plate also are concerned. However, they have been accustomed to co-operate with the plate glass manufacturers, as we have seen, and in addition have had to rely for their distribution upon the large association jobbers and the Canadian import agents, both of which have usually been vitally interested in maintaining as large sales as possible of plate glass.

In establishing common prices for thick sheet, in the sizes which are permissible, the association jobbers have followed a gross price list with an agreed scale of discounts throughout the period covered by the investigation. These common prices are found in the memoranda of association meetings and are contained in the price books of the association.

In conclusion it should be said that shop windows glazed with thick sheet are not nearly so attractive as plate windows. Similarly, thick sheet mirrors are not generally of such high quality as plate mirrors, although the quality of the silvering work is a prime factor, and a plate mirror which is improperly silvered may deteriorate quickly. Such facts should be, and are, brought to the attention of consumers by the jobbers. At the same time, the use of thick sheet in store windows and the purchase of sheet glass mirrors should be a matter of choice resting with the consumer, and should not be regulated by jobbers and manufacturers acting in concert. Agreements among competitors to restrict or remove substitute products from the market must result in substantial lessening of competition. Since a substitute may be the most acceptable product for those requiring a low-cost article, agreements among competitors to restrict or remove substitute products from the market may not only result in substantial lessening of competition but may deprive the public of needed supplies.

4. Other Products

In addition to the products which have received detailed treatment in this report, there are many others in which the jobbers normally deal, some of

considerable importance and some relatively unimportant. Among them are special types of flat glass such as glass blocks, wired and cathedral glass, structural glass such as Vitrolite, and related products such as storefront metal.

All these goods have been the subject of resale price arrangements by the jobbers and the evidence is replete with discussions and agreement in relation to them at jobbers' conferences and otherwise. Variations in prices have existed as between the two territories and as between similar products of different origin. Greater uniformity in prices is evident in the new price book of November 1947, which was in course of preparation when this investigation was begun.

The manufacturers' selling policies with respect to these products have frequently been such as to promote the advantage of the larger jobbers, whether by preferential prices to them or by exclusive selling arrangements with them, or by both.

IV. PRICE-FIXING ARRANGEMENTS AMONG JOBBERS

1. Fixing of Prices, Terms and Conditions of Sale

A basic feature of the activities of the association of glass jobbers has been the compilation and circulation of schedules of prices, terms and conditions of sale embodied in what have been known as the Toronto and Montreal Price Books. In view of the variety of products and services supplied by glass jobbers and the differing ways in which these might be contracted for by purchasers, some system of pricing was necessarily involved in any agreement to fix prices. That the price books formed the essential basis of such a system is clear from the evidence. The following quotation from a letter written on August 30, 1936, apparently after a period of disturbance of association arrangements, by J. E. Harrison, general manager of Pilkington, to his Montreal manager serves to indicate the nature of the co-operation which it was intended should be achieved through the association:

"From our conversations with the leading jobbers we are convinced that they are sincere this time in their desire to reform the Association and to strictly observe prices and conditions, therefore we are willing to extend our fullest co-operation in devising a fair and equitable scheme which at the same time does not clash with our interests as manufacturers..."

(Exhibit A-1108)

On September 17, 1936 he again wrote to Mr. Bernard:

"A meeting of the Principals of the Association was held on the 15th instant, the following being present:—

*Mr. J. W. Hobbs [Consolidated]
Mr. W. B. Davidson [Hobbs]
Mr. W. E. Phillips [W. E. Phillips Company]
Mr. W. H. Pilkington [Pilkington]
Mr. J. E. Harrison [Pilkington]*

A general discussion took place, and it was unanimously agreed to reform the Association on a sounder basis than has prevailed in the past. There are a good many contentious questions to discuss and settle, and it is the intention to have weekly Principals' meetings until all points have been decided.

We shall meet on Tuesday next to determine what secondary buyers are entitled to preferential treatment. Each Principal will present for consideration a list of customers to whom he has been selling at special prices. We anticipate there will be a large number of these special buyers, and it will be necessary to reduce them to a minimum.

It is unlikely that we shall get to the point of discussing Quebec special buyers, but in case we should do so, I would like to be prepared, therefore I should feel obliged if you would send me a list of buyers who have special prices, along with a list of buyers whom you think are entitled to buy at preferential rates. I may tell you that I shall not agree to any list being adopted, until after I have had an opportunity of discussing the matter fully with you, neither will I expose your complete list until I have conferred with you.

There is no doubt that the H. M. Company and C.P.G. are very anxious to see prices properly controlled, and we hope the present negotiations will result in a satisfactory price maintenance agreement being concluded. The chief difficulty is to control W.E.P. but we hope to accomplish this."

(Exhibit A-1094)

The understanding among members that the prices set out in the price books were to be followed is emphasized by Arthur Alban of the Pilkington company in a letter of October 10, 1938 to J. E. Harrison:

"No matter what plan is used, the association unit prices are to be adhered to, and this is the basis of all store front registrations.

We shall have the best chance of an effective Association by reporting all infractions as they occur."

(Exhibit A-51)

The observance of the prices decided upon at meetings of the association and incorporated in the price book was prerequisite to the continued existence of the organization. As C. F. Wood put it frankly in evidence :

"If somebody is going to continually cut prices there is not going to be any association."
(Evidence, p. 873)

From the commencement of the association under Mr. Matthews' management in 1928 until November, 1947, the association compiled and published two price books, for the Toronto and Montreal territories respectively. In November, 1947, when substantial revisions were made in prices following the removal of price ceilings, it was decided to have only one price book.

Detailed negotiation of matters to be incorporated in the price books of the association has normally been carried on by the local managers of the member firms in Montreal and Toronto. In the case of the smaller Toronto firms these were frequently the active heads of the companies. These men met in "conferences" the results of which were normally recorded and circulated by Matthews in the form of memoranda already described. In most of the years up to 1941 such memoranda usually referred to a regular weekly conference, although existing records have not been found which cover all these meetings.

Exerting a policy control over these local conferences were the Principals' Conferences, held at much less frequent intervals. These Principals' Conferences were meetings of the active heads of the leading association members, Hobbs, Pilkington, Consolidated and sometimes O'Shea. On occasion Matthews circulated memoranda summarizing the proceedings, but not many of these memoranda were available. More information with respect to such meetings comes from letters exchanged by the parties concerned. As might be expected, the structure of the association and its methods of procedure have been determined by the Principals, who have usually left the detailed implementation of these policies to the managers and their colleagues in the smaller firms.

The price books contain gross price lists for the various products sold by the jobbers. These list prices are changed only at very infrequent intervals but discounts have been changed from time to time and the price of any product is determined by deducting the current discount from the list prices. The establishment of both the list prices and the current discounts has been one of the principal activities of the association, and much documentary evidence of this practice is available. Routine changes in discounts have been discussed and decided at the managers' conference. When the changes have been extensive, or when proposals have presented more than normal difficulty, they have frequently been dealt with by a Price Committee appointed for the purpose. This committee has then made its recommendations to the managers' conference, which has either adopted them or deferred them for further study.

There are references to "Price Committees" in the documents at least in each of the years 1931, 1932, 1939, 1940 and 1947, as well as to many other committees appointed for special purposes at other times. The dominance of the three largest firms is illustrated by the composition of the Price Committee which was responsible for the thorough revision of the price book in 1947. Its members were :

A. G. Hayes.....	General Manager, Consolidated
Arthur Alban.....	Toronto Manager, Pilkington
Donald Jupp.....	Sales Manager, Pilkington
Lloyd W. Sipherd.....	Treasurer, Hobbs
F. W. P. Jones.....	Sales Manager, Hobbs

(Exhibit F-160)

Many terms and conditions of sale are also set forth in the price books and there is evidence that such matters have been dealt with by the Principals as well as by the managers. Typical items of this kind are the prescribing of uniform terms of sale, the establishment of f.o.b. points, the adoption of uniform wording in contracts, agreement upon areas in which glazing charges would be made or in which glazing would be free, and agreement not to engage in general contracting in connection with storefront construction. Such meetings would deal with any actual or potential deviation from the established prices which might occur indirectly, with a view of determining conditions of sale which would ensure uniformity.

2. Classification of Customers

The association members have approved special lists of customers entitled to special discounts on specified products over and above those granted to the general trade. Some examples of special lists and the concessions applied thereto, as found in the Toronto price book in effect before and during the war, are as follows:

Retail Glass Companies—10 per cent off all ordinary prices for material and work, excepting sheet glass boxes 5 per cent only.

List of Manufacturers of Show Cases, Refrigerators and Butcher's Supplies—extra 10 per cent off plate glass prices in sizes up to 20 square feet. Work prices reduced.

Special List For Sheet Glass Boxes—additional 10 per cent off list prices to customers on this list.

(Exhibit 3)

The Montreal price book which was reprinted in 1944 included the following:

"List of Show Case Manufacturers, Picture Framers, etc., entitled to preferential price as shown on Page 15 Montreal Price Book"—and in the text there is provided a 20 per cent additional discount off both plate and thick sheet mirrors over that listed for the general trade.

Roofer's List—an additional 5 per cent discount from trade price allowed to roofers according to page 12.

Special List—Sheet Glass Boxes—These customers given an additional 7½ per cent discount from trade prices.

(Exhibit 21)

That part of the new price book which was published in November 1947 does not contain these lists, but provision is made in the body of the books for special prices to listed companies. Mr. Matthews said he expected that the lists would be included later and he believed that members were using the lists already in force. Other witnesses corroborated this.

The evidence of Mr. Matthews with respect to these lists was that they represent a trade classification in effect before he began to work for the association. From time to time members proposed additions to the lists and these were dealt with at the association conferences. He could not recall any names being taken off the lists. As to whether the members agreed to abide by the special prices, he said:

"I never knew of any form of agreement at any time. There may have been an understanding . . . that it would be wise to maintain these prices, but as to holding them or any of them, I do not know of any attempt being made."

(Evidence, p. 250)

Arthur Alban, Pilkington's Toronto manager, testified that the members from time to time discussed names proposed for these lists. The companies on the lists were not required to charge the association resale prices, and the association's aim was to put all persons on the list who are engaged in the

relevant trade. Only customers on the list received the special merchants' discount. Mr. Alban believed that in some cases firms not on the lists received special discounts. He was asked :

"Q. Is the point you are making that the members of the association do agree upon certain persons who will be entitled to discounts, but then in fact, although they should not do it, the members of the association sell to persons whose names are not on that list ?

A. There may be new people coming up.

Q. In so far as they do that they are breaking their agreement with the other members of the association because they are not on that list ?

A. Yes."

(Evidence, p. 786)

A. G. Hayes, the general manager of Consolidated, generally corroborated this evidence. He did not think that unanimous approval was necessary before a name was agreed upon, but thought that majority opinion would rule. On the question of eligibility of customers to be placed on the list he was asked :

"Q. ... there must be borderline cases where some people think they should be on the list and other people think they should not be on the list ?

A. There is no set form. It is a matter of opinion as to whether they should be on or should not be on the list."

(Evidence, p. 1069)

The Montreal managers of both Consolidated and Hobbs gave evidence that in practice they sold at preferred discounts to firms not on these lists, and asserted that they merely regarded them as a guide, H. R. Harrison of the O'Shea company also looked upon them as a guide, although he also said that his own company did not normally sell to any of the customers on the special lists.

The documentary evidence is clear that, except during the war years, the association has been constantly concerned with the revision of these various trade classifications and the adoption of the preferential prices applicable to them. As recently as December 1945 changes in the show-case list were circulated by Matthews' office to Montreal members and in November 1946 to the Toronto members. Records of conferences held in 1945 and 1946 show that new firms were proposed and approved in discussions of the members.

It has been noted that some witnesses said that the lists and prices were not binding upon the members. Logically this matter can scarcely be separated from the main question whether or not there was agreement upon all matters in the price book. If there were no general agreement, a subsidiary matter such as the classification of customers would have no real significance. On the other hand, if there were a general agreement but no agreement as to which companies should receive special discounts, any member could arbitrarily classify his customers into one or other of these lists whenever he wished to reduce prices to get the business from a competitor. Since the matter has been raised directly by the witnesses, it is well to consider the documentary evidence on this point.

Competition between association members for the business of special accounts seems to have been present in late 1936, as a result of which the various members were giving preferential discounts to firms not on the lists. The documents refer to the problem having been considered by the Principals.

A memorandum from Matthews to the Principals dated March 16, 1937 is quoted verbatim :

"Toronto, March 16, 1937

In accordance with item 3 your Conference, March 15th names on Special List were to-day submitted to Branch Managers for suggestion in regard thereto. The suggestion is as follows :

- (1) That the following names be added to List of Retail Glass Companies.

C. H. Waghorne Chatham
Adanac Glass Co. - Toronto

- (2) That the following points be deleted from the Special List (with exception as above) or where names may appear on Special Lists in Toronto Price Book) :

Collingwood	London	Sarnia
Chatham	Owen Sound	St. Thomas
Galt	Port Hope	Trenton
Guelph	Stratford	Tillsonburg

Levy)
Speedy Auto Glass) Toronto
Metropolitan Glass Co.)

Davis & Hoult) transferred to Show Case List Toronto
Wakely) Price Book

- (3) You had previously ordered deleted the following points
Belleville Orillia
Peterboro Lindsay
Barrie
- (4) Brantford
Simcoe: these points to be reported on after consultation with Hamilton Branch Managers.
- (5) With the exception of Brantford & Simcoe the suggestion means that all points south of North Bay and East to Kingston (but not including Kingston which is in Montreal Territory) be immediately deleted from Special List except where names appear or will appear on printed Lists in Toronto Price Book.
- (6) There are two names yet to be discussed in the City of Toronto viz. Russill Hardware Co. and Tooze Hardware Company: all other names appearing on your Lists for City of Toronto are suggested for immediate deletion, except where otherwise mentioned herein.
- (7) Names appearing on the Special Lists for New Ontario points, Sault Ste. Marie and Port Arthur and Fort William are to be discussed at a later meeting, and suggestion in regard thereto then offered.

W.O.M."

(Exhibit B-646)

On June 21, 1937 the following notice was sent to the Ontario managers by Matthews:

"Please note that according to your recommendation that there are to be no special discounts (except as listed in Toronto price book) anywhere other than in North Bay and points in New Ontario.

If there is any doubt in your mind regarding this ruling, please confer with one or more of above and report.

Early consideration should be given to any special arrangements still in force at points in New Ontario."

(Exhibit B-666)

There is no later reference in the documents to the problem having been dealt with in a comprehensive manner, but as already pointed out the lists were kept in effect, revisions were made from time to time, and the new price book printed in 1947 makes provision for special discounts to listed companies. If the general agreement to maintain the prices agreed upon is established, any sales which have been made at preferential prices to customers not on the lists, or not in accordance with some other association arrangements, must be regarded as examples of incidental price-cutting. This type of price-cutting is frequently found in such cases and further reference will be made to it in this report.

An arbitrary system of classification of customers resulting from agreement between competing sellers can have serious effects in restraining competition. Firms receiving preferential prices, particularly if their purchases

represent a significant part of the total, are protected to a considerable extent from new competition, and the trade tends to become restricted to established channels.

The evidence of Mr. Alban, that the several lists were intended to include all firms engaged in the particular classes of business to which they applied, must be considered in the light of the fact that the association members have determined whether any particular firm is or is not in a given class of business. As Mr. Hayes rightly pointed out, the classification of border-line cases is a matter of opinion. For example it is common knowledge that there are many firms engaged in retailing glass in the city of Toronto other than those included in the association's list of retail glass companies. The listed companies are entitled, among other concessions, to a special 5% discount on boxes of window glass. The unlisted companies, however, also sell window glass lights to the public, and the same commodity may be purchased at retail from other sources outside of the class of retail glass dealers, as for example from wallpaper and paint shops or retail hardware stores. There are thus elements of discrimination under the price book arrangements not only between different classes of customers, but between customers which, on any logical basis, are within the same class. These discriminations are, moreover, unrelated to any savings in cost arising from larger quantity sales, or to any other of the few valid reasons for price differentials.

The evidence of representatives of the smaller association members was to the effect that most of the lists meant little or nothing to them because of their lack of interest in the resale of glass which has not received further processing. There is little doubt that this accords with the facts, because the three large members have received important price concessions from the manufacturers of the various products. These advantages have placed them in a favourable position with respect to wholesaling and explains why the smaller firms, not enjoying the same concessions, have not found it profitable to engage in this aspect of the business.

3. Division of Territory

The 1944 edition of the Montreal price book defines Montreal territory as: Province of Quebec to western boundary of Frontenac and Renfrew Counties in Ontario (Exhibit 21). Toronto territory included all the remainder of Ontario except the cities at the head of the lakes, which were in Winnipeg territory.

From the documentary and oral evidence it does not seem that this territorial division involved any restriction upon the right of the members to sell from one territory into the other. It merely meant that sales in each territory should be at the prices decided upon for the territory in which the sale was made. As we have noted before there have been at times sharp differences between the prices in each territory, but since the adoption of the 1947 revisions most of these have apparently been removed.

The prices applicable to the Montreal territory do not apply to the cities of Ottawa and Quebec, where there are city associations outside W. O. Matthews' control. However when the firms within these cities sell in the territory beyond they are expected to use the Montreal price book. Conversely, companies outside these city territories selling to customers within them are expected to observe the prices of the local associations. Information with respect to price revisions, as well as copies of the price books, have been requested by and sent to these local associations.

4. Evidence of Agreement to Maintain Prices

Virtually all the witnesses admitted that the members of the glass jobbers' association met in periodic conferences over a period of twenty years to formulate list prices and discounts for the goods they sell and to arrive at terms and conditions of sale. Many of them were not, however, prepared to concede that the arrangements involved agreement among them to adhere to these prices and terms. They asserted that the meetings of members were held in order to arrive at fair prices and conditions, after studying manufacturers' costs, and that the price books were used as a guide by the companies concerned.

The documents of the member companies which were obtained in the course of the investigation, however, provide abundant evidence of agreement in records of conferences, in instructions given by executives to their subordinates and in statements made by leading members in their correspondence with each other. Complaints of price cutting have been frequently made by one member against another and on two occasions of which we have record the association arrangements were suspended because of price cutting. In addition to this the association has operated a system whereby price competition on construction projects and storefront installation has been eliminated by the registration and dissemination of price quotations for specific contracts through the association offices at Montreal and Toronto. Some examples of this evidence are given in the following paragraphs.

The memoranda which in recent years have been issued by Mr. Matthews following meetings of the members have normally dealt with specific price changes and matters of that sort. In the earlier years, however, some of them were more revealing as to the nature of the arrangement under which the members operated.

On February 26, 1932, a conference was held in Toronto attended by representatives of Pilkington, Hobbs, Consolidated, Excelsior, Queen City and other members now defunct. A memorandum in which Mr. Matthews reported the matters dealt with at this meeting includes the following:

- "(3) No special price or discount other than set forth in Price Book to apply.
Exception:—Special List may be requested for quantity order, or other reason set forth at time of registration.
If any Special List is to apply it is subject to agreement of others also registering within a reasonable time."

(Exhibit B-341)

Writing to J. P. O'Shea & Company on April 30, 1934, Mr. Matthews stated, according to a copy found in Hobbs' files:

"Am writing frankly as I feel you wish me to do and to sum the matter up shortly would say that Glass Jobbers do confer, they do try to make rules for general Trade benefit; and whatever the practice is agreed upon as a whole the individual Jobber is expected to respect it."

(Exhibit B-477)

In May 1936 the association had broken up with respect to Toronto for a short period, when the Hobbs company withdrew because of alleged non-observance of arrangements for registrations of price in Matthews' office. It began operating again in August of the same year, and in the months following the head offices of the various companies issued strict instructions to their employees regarding price maintenance, as shown in the examples which follow.

On August 24, 1936, F. S. Hobbs, vice-president of Consolidated, wrote as follows:

"The Association started functioning last Tuesday, . . . So far we have not had a single complaint re cut prices, and I have instructed each of our travellers that it will be worth his job if he cuts a price. Fortunately they all seem pleased that the Association is on again."

(Exhibit C-190)

A copy of a letter from W. D. Davidson, then general manager of Hobbs stationed at London, to A. Marcoux, his Quebec branch manager, on January 11, 1937, reads in part as follows :

"I wrote you some time ago asking you to drop me a line advising that you would adhere strictly to the resolution passed by the directors of our company in the matter of keeping Association prices. Would you kindly forward this letter on to me, at your convenience."

(Exhibit B-919)

A similar letter was also written to the Ottawa branch by Mr. Davidson. Mr. Marcoux in a letter of January 18, 1937, replied :

"On January 9th., last, we wrote you acknowledging our willingness to adhere strictly to the resolution passed by the company in the matter of keeping Association prices. On this very letter, were three signatures. The writer's, also our salesman O. Beland and second in charge of the office Emile Carrier. If you have not received this letter, we shall send you another one on request."

(Exhibit B-920)

Mr. Davidson also wrote to the Windsor branch manager in a letter of February 23, 1937, in the following terms :

"We have definitely made up our minds that the rules of the Association must be kept by our different branches, by our different branch managers, and travellers, and I want you to give this serious consideration and again put yourself on record that you will adhere to all the rules of our Association, even if at times it looks as though we are losing business.

. . . Each of you managers take this matter up with your different employees and drill into them the fact that Head Office is issuing instructions that there must be no deviation in any way from our Association prices and rules."

(Exhibit B-905)

With respect to the Pilkington company, the fact that similar instructions were given the managers is demonstrated in the following quotation from a letter written by J. E. Harrison, the general manager, to R. M. Bryson, manager at Hamilton on January 22, 1937 :

"Although we have already obtained your assurance that you are quoting and charging strictly in accordance with the Association arrangements, I would like to have a re-assurance that this applies to your connection with Housser. Kindly let me have this by return mail as it is required by the writer for a Meeting of the Principals on Monday."

(Exhibit A-1172)

On June 23, 1938 J. E. Harrison wrote to E. A. Bernard, manager at Montreal :

"We were sorry to learn from yours of the 20th inst. that this firm [Hobbs] are still underselling, and we are afraid that these breaches of the Association arrangements are deliberate. For your information we may say that they are not now strictly observing prices in Toronto or Hamilton territories, and it is now becoming imperative that we should have a Principals' Meeting at which all our Managers should be present.

Mr. J. W. Hobbs telephoned the writer this afternoon to say that although he is exceptionally busy with meetings from day to day, he would make it convenient to attend a meeting in Montreal at say not later than ten o'clock on Tuesday, June 28th. Mr. Matthews' Assistant is therefore endeavouring to arrange for Clare Wood to be there, and I shall, of course, attend.

Will you please mention to our friend, Mr. H. R. [Harrison], the foregoing contemplated plans, although I have no doubt Tuesday will be quite convenient for him."

(Exhibit A-1028)

Whether or not this proposed meeting was held does not appear from the documents available, but in a handwritten letter from Mr. Matthews to

H. R. Harrison, of O'Shea, of August 20, 1938, it is stated that a Principals' conference had been held on August 19, which was informed by C. F. Wood that he had given his Montreal branch strict instructions on price.

Attention has already been directed to the fact that member firms have from time to time complained that other members have quoted prices and terms more favorable than those established by the association. This is clear evidence of an agreement with respect to these matters. The receipt and investigation of these complaints by the association secretary and in other ways must also be regarded as one means of policing the agreement.

Many instances of such complaints and investigations are available for the period during which the association has functioned. As may be expected in an arrangement of such long standing, these complaints have sometimes been taken by one member direct to another and the matter disposed of in that way. At other times they have been discussed by the Principals or the managers in both territories at association conferences. More frequently they have been directed to the secretary for his disposal.

As has been stated, and as the witnesses stressed during the hearings, there are no express penalties or sanctions provided by the association in cases where the agreement has been violated. Apart from the less immediate danger of withdrawal of important members from the association arrangements and similar considerations, the sanctions involved have been those of the "gentleman's agreement." Thus, in the memorandum of the conference of the Toronto managers held on November 14, 1933, the following item appears:

"(1) Decided. That until December 31st, the word of the Member on any question of complaint is to be final as to settlement of the particular item complained of. If a Member is asked to call another direct on any matter he is to do so and report back to Central Office. In the matter of such calls, if any are found necessary, your courtesy is anticipated. If any explanation seems unsatisfactory the rule is still to stand for the time mentioned when all such unsatisfactory explanations may be reviewed if lapse of time has not cleared the situation satisfactorily."

(Exhibit B-449)

This has been equally true of many of the complaints which have been investigated by the association secretary. Usually complaints have been communicated to the alleged offenders. These members have never questioned the secretary's right to make such inquiries of them, but have answered the complaints in a serious manner. The denial or excuses of the firm complained against have been forwarded to the complainant. The secretary has not hesitated to ask for original business records if he felt it necessary, as shown in his letter to Hobbs Glass of March 25, 1933:

"Re Nickel Co. order (\$188.00), February 10th.

Beatty Bros., Fergus (2500 lights 3 x 14-3/16" sheet) February 28th.

It would help matters considerably if you would kindly mail me these two orders for examination.

These two matters keep cropping up and the best method of disposing of it is a presentment of the orders.

We try to avoid this course but occasionally find it is the only practical course and then suggest it."

(Exhibit B-402)

The secretary's authority to do this was not questioned by the Hobbs company, which sent the documents requested.

The matter of price cutting was a subject of discussion at a Principal's meeting held on December 6, 1937, according to a letter from J. E. Harrison to Mr. Bernard at Montreal written on the following day, which states:

"I attended a protracted meeting of the Principals yesterday, when many subjects were brought up for discussion..."

Some cases of underselling were brought up, and Mr. John Hobbs, in particular, insisted that when complaints were made the name of the offending jobber should be revealed, as the Principals' Meetings were supposed to be strictly confidential, and he argued that we should all have confidence in one another.

For your guidance, we may say that one complaint we took up was against the C.P.G. but we declined to reveal the name to the Meeting. However, as Mr. Hobbs appeared to take the stand that the C.P.G. did not undersell, I thought it was an opportune moment to interject that I did not suppose he would believe his Montreal House would undersell the Association. I took the opportunity and hope you will not mind, of showing Mr. Hobbs privately the photostatic copy of the invoice you gave me last week, and the estimate by Lepine [a Quebec jobber]. Mr. Hobbs was obviously upset at this definite evidence of his Firm underselling, and I believe he will take it up with Jack Guilboard. I hope I have not done anything that will embarrass you with your customers . . .

Mr. Matthews reported that he had been investigating complaints against the Advance Glass Co., Toronto, and he assured us that the Advance Co. would behave themselves in the future. As a matter of fact, while Mr. Matthews was at the Advance Co.'s Office yesterday they received an order from the Eastern Townships Furniture Co., and as a result of Mr. Matthews' advice the order was being returned by Mr. Matthews to the Eastern Townships Furniture Co., with a note declining to enter.

I mentioned to Mr. Matthews privately after the Meeting that probably Guilboard would take the order at 5% reduction, and Mr. Matthews is going to prevent this from being done—so he says. I also mentioned to Mr. Matthews that Guilboard would likely ask for all their prices to be reduced by 5% so as to cover up any underselling which the C.P.G. might have been doing in recent weeks."

(Exhibit A-1062)

On several recorded occasions Mr. Matthews has investigated alleged price-cutting of a general nature in particular areas by way of meetings with the local managers concerned. One such occasion is described in a letter written by Arthur Alban, Pilkington's Toronto manager, to his general manager, J. E. Harrison, on June 12, 1939:

"In view of what were felt to be unsatisfactory Association conditions in Chatham Mr. Matthews called an Association meeting in Windsor for last Thursday, the 8th instant, and the undersigned attended. We think you will be interested in the following resume of the findings in that meeting, but you will please bear in mind that Chatham is worked by the Bennett Glass Company of Walkerville, and by the Hobbs Glass Limited of London, not Windsor. . .

2. We had considerable discussion on the McGeechy job, a store front in Chatham. We reported that our information was to the effect that Bennett had cut the price on this. This was most emphatically and strenuously denied, but subsequent investigation at the office of the Bennett Glass Company showed that the original contract price should have been \$2871.00, whereas they had quoted and taken the business on the basis of \$2847.00. Mr. Tyrell claimed that this was purely an oversight, and he did not know of the infraction until that very minute, and we are inclined to accept his statement. Unfortunately there have been many extras since the job was let, so that it would be difficult to show any infractions other than the small one referred to above. In these days of feeling against the Association, however, a small cut will swing an order.

3. The Bennett Glass Company omitted contingencies on a small job in Blenheim, but we are convinced this was an error on their part, and accordingly that item is closed.

4. We charged that the Bennett Glass Company had offered to glaze or assist in glazing, without extra charge, in Chatham. This again was very strenuously denied by Mr. Tyrell, but we were able to show him an extract of his own letter to an account in Chatham. This brought the matter back to his memory, and he admitted that he had written this. His claim was that he did this as he was afraid Pilkington Brothers were giving cut prices to Waghorne. We assured him some time ago that Waghorne was not getting anything special, and the same situation rules today, as explained to Mr. Tyrell. The only exception that has been made was one Plate two or three weeks ago to Waghorne, when we gave an extra 5% to help him keep [meet] very low competition. Having in mind the offer of the Bennett Glass Company to glaze without charge, we naturally accepted the information regarding the low figure on this particular Plate. You will appreciate that we have no intention of extending this special, when we tell you that in the same shipment there were three Plates, and the 5% was given only on one of them.

Ferguson of the Hobbs Glass Limited brought up the question of the continued cheapening of jobs, i.e., by the use of break mouldings, et cetera. The two Windsor members were able to prove to Mr. Ferguson that this situation did not rule in that territory, and we reminded Hobbs Glass Limited that the only job in that district where such cheapening had

occurred was on the McCorvie job, which the Hobbs Glass Limited themselves installed at a cut price. You have an earlier report from us on the McCorvie job.

We believe that these infractions have been carefully ironed out, and that conditions should be better in the immediate future. The unfortunate angle of this whole price cutting problem is that the companies who are maintaining prices suffer all the time, and as you will gather from your own files, we have suffered to a great extent within the last few months."

(Exhibit A-58)

An example of action taken by members in Montreal to deal with the failure of one of their number to observe association regulations is described below. This correspondence also throws light on the type of sanctions which have been invoked by the association despite the absence of formal penalties. It is also significant that in any circumstances the firms were prepared concertedly to institute such a drastic lowering of prices to deal with a case of price competition. The incident is described by E. A. Bernard, manager of the Montreal branch of Pilkington, in a letter written to his general manager at Toronto on June 8, 1938 :

"We shall briefly give you details of today's meeting. It was decided that all outstanding Estimates on Baxter's quantities should be reduced at once by 20%. Also that all other Estimates on which there was more than one member were to be discussed between interested members with the object of reducing by about the same proportion, and then on jobs which had been only estimated by one member, it was left to the discretion of this member to reduce or not, and also that all future estimated jobs should be subject to a special 20%.

We made it very plain to Mr. Wilson of Hobbs Glass Company that this move was taken because they had failed to live up to Association regulations. Mr. Wilson wanted time to consult his principal, but none of us would listen to this. We know that you will inform Mr. Clare Wood that this is our answer to their action in Montreal."

(Exhibit A-1025)

Mr. Matthews, reporting the same matter to the four Principals in a memorandum of June 10, stated :

"Some internal difference of opinion only seems to have been the reason, and as such reason affects policy the matter is one for your consideration.

Am presuming you knew of this move on the part of your Montreal Branches in advance, and so am meantime acting as if it has your sanction.

If your instructions are that the action is meant as a temporary restraint of some kind, would suggest next meeting of Principals be held at Montreal and some time during next week when opportunity would be afforded for Montreal Members as a group to discuss with you any grievance that may exist, and which it would appear can only concern our own Members."

(Exhibit F-130)

The reason for the action of the members is referred to in a memorandum on the stationery of the English Pilkington Company, headed "Notes of Conversation with Mr. Clare Wood at the Works, 4th August 1938." These notes related that :

"Montreal Association prices for contract jobs were cut 20%, due to a said undercut by the Atlantic Glass Co. after the H.M. Co. had taken the company over. This action was said to be the only way of bringing the matter to the notice of Clare Wood."

(Exhibit A-438)

Because it is a recent letter illustrating the type of direct contact which exists between the members, the following quotation is given from a letter of November 18, 1946 to F. W. P. Jones, Hobbs' sales manager, from D. H. Jupp, his opposite number in the Pilkington organization :

"I am sorry to see from your letter of November 16th that you have reason to believe that our Hamilton Branch is selling face member only in cases where customer can afford full sash.

We quite agree with you that our policy should be to sell full sash upon every occasion and we are accordingly taking the matter up with Mr. Davidson."

(Exhibit A-26)

The particular examples of price complaints cited above by way of illustration have been selected from a great many examples of similar matters which are found in the documentary evidence. The great majority of them

relate to the pre-war period, but there are nevertheless a sufficient number during and after the war to show that the basic machinery of complaint and investigation has remained operative. Under the conditions of strong demand in relation to available supplies which characterized the latter part of the period under investigation there would be relatively little occasion to seek more business by offering price advantages. Nevertheless the evidence makes clear that it was the constant endeavour to maintain the system of non-competitive pricing and to continue to subject to close supervision those aspects of the trade, such as tenders, in which competition among members could most readily develop.

Several witnesses, pointing out that there have been no express penalties provided by the association against those who break its rules, appeared to consider this a very strong point in favour of the association methods. The same attitude has been noted in other investigations into similar practices. Canadian combines legislation and the jurisprudence under it make no distinction between price fixing agreements which are enforced by penalty and those which are not. Such agreements can be, and frequently are, as effective without penalty provisions as with them. The essence of the offence is in the agreement itself, even an informal or tacit agreement, to lessen competition unduly or to the public detriment.

The members of the glass association have used means other than penalties to secure observance of their price agreements. A considerable part of the time of Mr. Matthews and of his two assistants has been devoted to this end in the operation of the contract registration system which will be described later, and in Mr. Matthews' availability for the investigation of price complaints. It should also be noted that Pilkington and Hobbs, and earlier in the association history Consolidated, have been of such importance in relation to the total business transacted by the trade, that the withdrawal of any one from the association would have rendered it ineffective. On at least two occasions the association has broken up temporarily on the issue of price-cutting and, as already reported in connection with the 1936 episode, it was re-established on the basis of strict adherence to association prices.

V. CONTINUATION OF ASSOCIATION AGREEMENTS IN 1947

1. Price Fixing

Prior to November 1947, the association had maintained two price books, one for each of the territories served by its Montreal and Toronto members. A careful examination of prices quoted for the principal products in these areas show that the price books contained many differences in prices which could be explained only by arbitrary decisions of the members in each territory and by the fact that their control over supply was so complete as to make possible such arbitrary decisions. The element of discrimination which such differences involved was recognized by J. E. Harrison, then General Manager of Pilkington's, as early as June 23, 1939, when he wrote to E. A. Bernard, the Montreal manager :

"We quite agree with you that the Montreal and Toronto Association price book, for many items, show great discrepancies between them; you will remember the correspondence we had on Thick Plate which shows a difference of over 25%, leading the Montreal firms to come to Toronto for their supplies.

This, again, is a matter for Mr. Matthews to take up generally between the two Associations."

(Exhibit A-1005)

In accordance with the regulations of the Wartime Prices and Trade Board, prices of flat glass products during the war years could not, except by special permission, exceed those which were in effect during the basic period September 15 to October 11, 1941. Accordingly the Association prices then in effect governed the trade until flat glass was decontrolled on January 13, 1947.

Within a week after decontrol the leading association members in Toronto held a meeting in the office of Mr. W. O. Matthews to discuss prices. Mr. W. A. Standfast, then office manager of Hobbs Glass at Toronto, recorded the proceedings in a memorandum of January 23, 1947 to his president, C. F. Wood. This memorandum shows that the scope of the association's price-fixing activities remained the same as has been described in other sections of this report. The memorandum is quoted verbatim except that a few hand-written changes in the prices made after the memorandum was typed are not reproduced. It should be noted that where the price is expressed as a percentage it is a discount from an established gross price list, so that a lower discount means a higher price.

"Re : Meeting on January 20th and 22nd, W. O. Matthews' Office covering prices.

On Monday the 20th Mr. Alban, [Pilkington] Mr. Hayes, [Consolidated] Mr. Matthews and myself discussed prices generally and the consensus of opinion seems to be to go careful in the matter of raising prices. The feeling expressed by Mr. Matthews was that it would be better to base our increases on two or three small raises than one big jump. Mr. Hayes and Mr. Alban concurred with this opinion. The prices were then discussed roughly with suggested increases.

On Wednesday the 22nd all members were present and the matter of prices was gone into fairly thoroughly. The suggested changes are listed below.

Product	Old Price	Suggested New Price	(1) Increase %
Plate Mirrors to the general trade	70/5%	65/10%	10.5
Glazing charges — plate .....	.10¢	.12¢	20.0
Wood Sash .....	.04¢	.05¢	25.0
Steel Sash .....	.10	.12	20.0
Minimum Glazing charge for			
Door plates in city	2.00	2.50	25.0
Minimum Glazing on plate	Nil	5.00	New charge
Out of town — Minimum Glazing			
charge on plate	7.50	15.00	100.0
Edgework — Bevelling up to 150" .....	.01¢	.01 $\frac{1}{4}$ ¢	25.0
150-200" .....	.02¢	.02 $\frac{1}{2}$ ¢	25.0
Over 200" .....	.03¢	.04¢	25.0
Polishing — Same as bevelling			
Bevelling & Polishing up to 150" .....	.01 $\frac{1}{2}$ ¢	.02¢	33.3
150-200" .....	.03¢	.04¢	25.0
Over 200" .....	.04 $\frac{1}{2}$ ¢	.06¢	33.3
Grinding & Harrassing		50% of New bevel- ling charges.	
Sheet Mirrors			
Single .....		.35¢	
Double .....		.45¢	
Window Glass — Pane List	50%	45%	10.0
Prices to Showcase Manufacturers			
Plate Mirrors	75%	65/20%	12.0
Polishing up to 150" .....		.01¢	
150-200" .....		.01 $\frac{1}{4}$ ¢	
Over 200" .....		.02 $\frac{1}{4}$ ¢	
Bevelling per inch up 150" .....		.01 $\frac{1}{4}$ ¢	
150-200" .....		.02 $\frac{1}{2}$ ¢	
Over 200" .....		.04¢	
Sheet Mirrors to Showcase Manufacturers			
Single .....		.30¢	
Double .....		.35¢	
Plate Mirrors to Furniture Companies			
Discount		75-10%	
Edgework — grounded and smooth .....	.50¢	.60¢	20.0
Polished .....	.75¢	.90¢	20.0
1" bevel	1.00	1.25	25.0
Bevel & Nose polish		1.50	
Edgework on Sheet Mirrors to Furniture Manufacturers			
Harrassed .....		.25¢	
Grounded & smooth .....		.50¢	
Polished .....		.75¢	
Satin bevelled .....		.60¢	
Narrow polish bevel .....		.90¢	
Sheet mirrors to Furniture Mfgs.			
Single .....		.25¢	
Double .....		.30¢	

On contracts where the sheets are sufficient for odd lights to be charged out at case prices the cutting charges should be 15% instead of 10%. [increase of 50 percent].

Polished Black price to be..... \$2.25

The window glass situation was discussed and it was decided to leave prices as they were, in other words, on American and Belgian it is quite satisfactory to charge the 20%

(1) This column was not in the exhibit, but has been calculated by us.

increase. Mr. Matthews mentioned that owing to the latest rise in prices on American glass it would be satisfactory to charge more than the 20%. I did not discuss the policy of prices on Czechoslovakian glass as I felt that if there is any change to be made in this you would issue the directions.

The discussion for Pattern Glass, Cast Wired, Chipping, Sanding, etc. was left for a later date. Throughout the discussion Mr. Matthews pointed out that if too high a raise in prices was made now the War Emergency Board had the right to put back on the controls. All changes suggested he felt were justified by higher wages. These prices are not to go into effect until advised by Mr. Matthews' office.

At the close of the meeting he suggested that we all consider these changes and phone him as to whether we feel they will be satisfactory or not.

It was suggested that the matter of storefront metal be gone into thoroughly and a committee was appointed to take up this question, namely; Mr. Alban of Pilks, Mr. Hobbs of Consolidated, Mr. Bartlett of Canadian Plate and a representative from Hobbs, myself being named at that time, however I believe Mr. Marsden should take over this chore as Acting Manager."

(Exhibit B-259)

Price notifications for Toronto territory were later sent out by Mr. Matthews covering all the matters dealt with in this memorandum.

With the exception of the work charges covered in the memorandum, the same products were also dealt with at a meeting of the Montreal members, as established by the following letter from E. A. Bernard of Pilkington, Montreal, written to D. H. Jupp, the sales manager at Toronto on January 30, 1947 :

"We yesterday held an Association meeting to consider memos sent by Mr. W. O. Matthews, dated January 27th, 1947.

We found that Geo. Preston [Hobbs], Albert Loucks [Consolidated] and H. R. Harrison [O'Shea] were quite anxious for increases. Regarding mirrors to manufacturers we agree with Mr. Matthews' recommendation and as the three members were very anxious to recommend that the price of work for ground or smooth edges on plate mirrors should be 70¢ per 100" instead of 60¢, we did not disagree. We believe that the increases suggested are not too much; we certainly need better prices where labour has got to be taken into consideration.

About memo B price affected in Toronto on January 20th, 1947, we recommended that the same price should be adopted in Montreal; no doubt that the extra waste in cutting that we have to do in glazing contracts entitles us to 15% extra.

Geo. Preston was very anxious to know what would be done on Sheet Glass by the box; it was pointed out to him that he was entitled to get any that he wanted. There is no doubt that Hobbs are worrying about the fact that we have not increased our selling price on boxes. They cannot sell Belgian or American glass at our price and probably do not care to be higher than us. — We are still of the same opinion that we should not increase prices unless we have to."

(Exhibit PGM-38)

Following this meeting a price notification was issued by Mr. Matthews on January 29 to the Montreal members adopting changes in the Montreal Price Book, essentially the same as those earlier made in Toronto. On January 31, 1947, a notification of the price changes to furniture manufacturers applicable to both territories was sent out by Mr. Matthews, to be effective February 1 and until further notice.

In forwarding copies of these price notifications to his Montreal assistant, E. P. Clement, Mr. Matthews attached them to the following handwritten note, which he dated Toronto, January 31, 1947 :

"Am sending memo to 4 Mtl members to-night saying Furn Mfrs new Price List is effective tomorrow IST FEBRUARY : Toronto members have agreed to it as it appears on memo Mtl members already have — Mtl thought smoothing should be a little higher & also the plain Shocks. These two items will be discussed next time we are ready to change Price List but for now AS IS on list.

W.O.M."

(Exhibit E-57)

Again in April, further negotiations were taking place with respect to prices. The following memorandum from Mr. Matthews was addressed to

Mr. Hayes, Consolidated, Messrs. Jupp and Alban, of Pilkington and Messrs. Sipherd and Jones, of Hobbs, on April 1, 1947 :

"(1) Re Store Front Metal :

Some price information has already been compiled on this item and of which you have a copy.

The compiled information does not include 'Extruded' metal. If you will kindly gather data in connection with 'Extruded' metal for early compilation of price information on this item will be obliged.

(2) Please also tabulate for early discussion, cost information in regard to :

(a) Special types of rolled and figured glasses

(b) Wired glass

(c) Thick sheet glass

(d) Glass blocks

(3) It would be well to examine other listings in Toronto and Montreal price books in case discussion is suggested on an item not noted above.

(4) A Conference is suggested for Montreal or Toronto as soon as can be after April 7th for consideration of the foregoing. Mr. H. R. Harrison will be asked to act as a member of this Committee.

Your immediate attention and co-operation in the matter of this memorandum is requested."

(Exhibit C-143)

The object of this group of officials is disclosed in the following letter from Mr. Matthews to H. R. Harrison of O'Shea, written on April 11, 1947 :

"The Price Committee (Hayes; Alban; Jupp; Sipherd; and our old friend Bill Davidson, substituting for Jones) met here to-day & looked over Toronto Price Book. — They are coming to Montreal for a meeting which they hope you will be able to attend on Thursday next, 17th. Their idea is to go through Montreal price book in the endeavour to arrange a uniform minimum price for both Districts. — (Thursday was the only day suitable all round; my recollection is that this is your Rotary day — although it did not occur to me when date was arranged for Mt). However, I am planning to be in Montreal on Monday morning so that we will have plenty of time to talk matters over beforehand."

(Exhibit F-160)

Notices calling the meeting in Montreal on April 17, 1947, were sent out to the Montreal members, and a meeting was duly held, as shown by the following extract from a letter from Mr. Matthews to H. R. Harrison, written on April 30, 1947 :

"Enclosed are suggested price sheets compiled after Montreal & Toronto meetings aiming at uniformity.

If agreeable to you would be glad if you will ask Mr. Fickett to go over these sheets. — If he could then undertake to meet again with the 'Pricers' of the other Companies (most of the sheets are their own compiling) — and examine them all carefully and advise me through you if there is any formidable objection to their adoption as far as Montreal is concerned will be obliged.

I am not in any particular rush — but would like to have them in shape to talk to Members about them when I come to Montreal again."

(Exhibit F-159)

These meetings were part of extensive discussions held during the year which culminated in a complete revision of the association price books. In lieu of separate prices for each territory the association established common figures for both. By October 25 eighteen out of twenty-one pages of the price book had been completely revised and printed and on October 25 the following notice was sent by Mr. Matthews to the members :

"WHOLESALE GLASS JOBBERS.

MEMO :

You recently received a copy of 18 pages (of 21) of a new Price List.

The missing pages will be forwarded as soon as they are received from the Printer.

Meantime, please consider the 18 pages as effective as of November 1st.

If you will advise the number of copies you now require, the 18 pages will be forwarded at once. These books (18 pages) will be billed to you at \$1.00 each to cover printing expense : for the missing pages when ready and any further pages later replaced or added there will be no charge.

W.O.M."

(Exhibit CGM-4)

The eighteen pages of the new price book were obtained from Mr. Matthews. They include prices, discounts, gross price lists, terms and conditions of sale, arbitrary rules for estimating freight charges, free delivery points, differential prices to classified customers, and detailed work charges. With the aid of these prices, covering as they do virtually every product and every type of service which the jobber is called upon to sell and perform, jobbers following the book could be assured of price uniformity whether on simple individual sales to customers or on complicated contracts registered in Mr. Matthews' office.

The new pages did not include special lists of customers, but the principal witnesses acknowledged that lists were still in effect, although changes, by way of additions and deletions from the lists already in evidence, had been made. The terms in the new sheets also were predicated upon the existence of such special lists.

Copies of their current price lists and discounts were requested and obtained from the Hobbs, Pilkington and Consolidated companies during the course of the investigation. Pilkington and Consolidated both publish in printed form gross price lists for window glass in boxes, window glass in panes, and polished plate glass. Consolidated includes in its prices the gross lists and discounts for crystal (thick sheet), figured and wired glass. Hobbs publishes an extensive printed price book which includes all the products found in the association price book as well as others handled by the company.

For the information of the Commissioner, Pilkington and Consolidated inserted their current discounts on the price lists, which were submitted, and these were found to be in accordance with the association prices. They included the increases in prices of window glass in both boxes and panes which were adopted in 1947. The Consolidated lists also showed the dates on which these changes came into effect, namely, the dates of their adoption by the association, as shown in the evidence already cited. The price increases brought into effect for figured and wired glass by the association price book revision of November 1, 1947, were shown in the lists submitted by Consolidated. Both Mr. Forbes, representing Pilkington, and Mr. Hayes, representing Consolidated, testified that for prices not included in their own published sheets they relied upon the association price book.

The Hobbs price book was found to incorporate prices, terms and conditions set forth in the association price book, often verbatim. It appears from the examination made that the Hobbs price book is merely a convenient adaptation of the association price book with additions for specialties handled by the Hobbs company. C. F. Wood, president of the Hobbs company was shown during his examination a number of exhibits relating to meetings held in early 1947 and the relevant price notifications sent out by the association secretary. He was asked :

"Q. I have had a check made of the prices and conditions of sale in both of these memos and in the association price book and in the price books of your company, which you furnished to us in the return. They appear to agree in all, or virtually all respects. Does that accord with your understanding ?

A. Yes.

Q. May I take it then that the prices in the price book reflected agreement by the members of the association with respect to the prices therein shown ?

A. Yes.

Q. And may I take it that the prices in Hobbs Glass price book are the same as the prices in the association price book?

A. Essentially."

(Evidence, pp. 876-877)

The available records of the meetings and the revisions of the price books which were made in 1947 as a result of the joint decisions made by the jobbers represented at them indicate that it was the intention of the members of the association to carry on with the same system of non-competitive pricing which had been established in the period prior to price control and which continued throughout the wartime period as a result of the establishment of price ceilings at the levels which existed at the time prices came under control. Representatives of certain of the small jobbing firms, members of the association, gave evidence that while they had participated in the discussions at which the new prices were decided upon they did not think that the prices had been set sufficiently high in view of the costs which they had to meet and that, on certain lines of goods and for certain types of sale, they were charging prices higher than those arranged through the association. Selling at higher prices than those agreed upon would, of course, not meet with objection from competitors. The fact that these firms found it desirable to participate in the arrangements to establish common prices and other terms of sale, even in the conditions of high demand then prevailing, implies that they found it to their advantage to reach agreement with their competitors in such matters.

2. The Price Registration System

A significant part of the business of most glass jobbers has been the supply and installation of flat glass and related products in construction projects. The glazing of windows, doors and partitions in public buildings such as offices, factories and apartment houses is the function of the glass jobber, as is also the installation of modern storefronts and theatre exteriors. Such work may be done on the basis of plans drawn up by the customer or his architect, or the jobber may be requested to submit designs for the customer's approval. The customer may let his contract to a single jobber without asking for competitive tenders or he may call for tenders from several and award the contract accordingly. During the period immediately following the last war there was a serious shortage of material and labour and a heavy programme of construction was in progress. As a result buyers tended to be greatly influenced by what could be promised in the way of early completion of their projects. This showed itself in the large number of jobs awarded directly to individual jobbers without calling for competitive tenders, and this applied particularly to the large number of relatively small projects for remodelling storefronts. Even in this period, however, competitive tenders were sought for glass and glazing for most large jobs carried out by general contractors and supervised by architects.

Competitive bidding in these circumstances would normally be expected of jobbers who desired to secure a particular contract. If a design were required of a jobber, he would have to exercise his ingenuity in preparing plans which were not only attractive but also economical. If he were working from his customer's plans he would estimate his costs as carefully as possible. Whatever the basis on which the tender was asked, the jobber would have to take the probable action of competitors into his calculations.

Competition in the prices of materials, labour charges, terms of sale and other related matters has been removed by agreement among the jobbers.

The competition which would otherwise exist through differences in estimating the amount of materials and services to be supplied in the construction projects and the competition arising from uncertainty as to the probable action of other members of the association has likewise been removed by agreement. This agreement is to be found in the association's price registration system.

Throughout its history, the association has maintained such a system both in Montreal and Toronto, the two assistants of Mr. Matthews being employed to carry out the work it entails. Under this scheme the member jobbers are required to register with the association offices their proposed specifications and prices for construction projects. These are duly recorded and made the basis for consultation and co-operation among the members. The same system has also been used to a lesser extent when price protection has been desired on certain other special orders not related to construction.

The system has varied in detail over the years and there is no purpose in describing its many changes. Its pattern, however, has been continuous. Briefly, it has provided that as soon as an estimate is made by one of the local member firms on a project, the association office has been informed by telephone of the details of the project, a summary of the specifications and the estimated price. These details have been entered by Matthews' assistant on a printed registration form designed for the purpose. Usually the firm has later supplied the association with a copy of the specifications showing the individual items together with extensions of the prices for them. Many of these registrations are merely recorded and filed. If, later, another jobber figures on the same plans and sends in his registration, the association office informs him if the proposed quotation varies from that of the first registrant. The two firms then consult and eventually arrive at uniform specifications and uniform tenders. Since they have used the prices and conditions set out in the price books for materials and labour, terms of sale and other contractual matters, the final registered prices of the two firms would be identical in all respects. In actual practice much more information has been released by the association office than this description implies. A member is usually given the total price registered by another as soon as the latter shows evidence of having figured on the job concerned. The result of these practices has been that anyone inviting tenders from more than one association member on a specific job has usually received the same quotation from each member.

The evidence of all the witnesses on the purpose of the registration system was the same. It was to the effect that the nature of the plans governing glazing sub-contracts, on which most of the registrations are made, is such that gross errors can be made in reading the plans and obtaining from them the desired specifications. The system was designed, according to them, solely for the purpose of providing a check on these specifications and the opportunity of ensuring that they were correct, thus eliminating much of the danger of unprofitable operations resulting from initially bad take-offs.

Other evidence secured in the inquiry indicates that other objectives of the registration system were more important than that of merely checking the correctness of the specifications. Indeed no such checking is done, and no revisions are made, when only one member registers. This is clear from examination of the registration forms on which the telephoned information is recorded in the association office. If the sole objective were to prevent loss from inaccurate specifications, provision would surely be made for checking the plans relating to *all* registrations, including the single registrations which greatly outnumber the others. Uniformity of tender prices, rather

than correction of errors in specifications, appears to have been the primary objective of the registration system.

This is further borne out by the fact that each registration form shows a total price, and the principal checking has been done with respect to these prices. When information has been sent out to members respecting a job, discrepancies in total prices of the members have been the major concern rather than discrepancies in their estimated quantities of plate glass or store-front metal and so on.

If further proof were required that the registration system is not solely for the purpose of checking specifications, it is found in the practice followed by the Montreal members of the association. For some years the association in that city has employed a professional quantity surveyor, whose duties are to read plans on behalf of all the companies and to provide them with the necessary specifications. For these services he has been paid an amount which is fractional in comparison with the cost of maintaining the association's office. The quantity surveyor after arriving at his specifications has forwarded them to each of the members involved. These firms have then calculated the prices on these uniform specifications in accordance with the price books and have registered the jobs with the association. The only purpose then served by the registration system is to ensure that the individual prices are in accordance with the price books, the correct extensions are made, and the total prices of all proposed tenders are identical when more than one member bids on identical specifications.

When officers of the Combines Investigation Commission visited the offices of the association at Toronto and Montreal in May 1947, it was found that the contract registration system was in full force. In order to avoid taking records which were in current use, all the proposed bids registered in the Toronto office during the period November 1, 1946 to January 31, 1947 were obtained and examined. In the Ontario territory 523 separate jobs were registered during the three months, showing an estimated total value of \$660,000. These jobs were located as follows:

Toronto area	240
Hamilton area	116
Windsor area	33
London area	96
Northern Ontario	26
Elsewhere	12
Total	523

Of the 523 jobs, 439 were jobs on which only one member registered. Of these 439 registrations only three showed that any revision had been made in the prices after they were registered in the association office. The remaining eighty-four jobs (of a total value of \$107,000 or sixteen per cent of all jobs registered) were estimated upon by two or more members.

Of the eighty-four jobs on which two or more members registered fifty-two were clearly on identical plans. The registration forms show that on sixteen of these jobs the jobbers concerned quoted the same prices on the initial registration, while in the remaining thirty-six a process of reconciliation was carried out in the association office until all the registration forms were amended to show the same price for each jobber estimating. The specifications reported to the association by the jobbers concerned showed many discrepancies between the quantities estimated by the different jobbers, but amendments were not often made to these quantities, adjustments being made in the total price instead.

Among the thirty-two jobs registered by more than one member but not reconciled in total price were three which were apparently on identical plans and no explanation could be detected on the registration form as to why they were not reconciled. Six registrations forms were not clear as to how the specifications or prices should be interpreted. The remaining twenty-three clearly related to estimates which were made by the jobbers on different plans, sometimes as a result of changes in the plans, and sometimes because more than one set of plans were being put forward for the same job.

Most of the registrations were made by the big three companies during this period, although there is record of Canadian Plate & Window Glass registering on twenty-two jobs, Advance Glass and Mirror on eight and Queen City on two.

For the Quebec territory, registrations in the association office in Montreal were examined for the four-month period October 1, 1946 to January 31, 1947. Registrations were received on 560 jobs, with the big three companies chiefly concerned, although J. P. O'Shea and Company Ltd. registered on seventeen. The value of all registered jobs was \$725,000 for the period, and 146 of these jobs, amounting in value to \$295,000, or forty per cent of the total value, were registered by two or more members. The locations of the jobs registered were as follows:

Montreal city	238
Montreal area	15
Other points in Quebec	256
Ontario points in Montreal territory	51
Total	560

In order to determine whether the prices registered with the association offices were actually quoted to the potential customers, a number of jobs in both territories on which the name of the general contractors appeared were selected and the contractors' records in connection with them were examined. In all cases where tenders were submitted by two or more members bidding on the same jobs, their prices were identical. Except for a few cases in which revisions had taken place in the plans for these jobs after the registration forms had been obtained by the Combines Commission, the prices tendered to the contractors were the same as those registered with the association. Thus it appears that there was no competitive bidding by the member companies when tenders were called from them.

A few of the registrations in both offices during the four-months period did not relate to either storefront or other glazing contracts, but to specific bills of goods as requested by individual customers. Some of these registrations were on large quantity lots for which the price books provide that "special prices" are to apply.

Some registrations, not included in the statistics set out above, were found in both offices which demonstrated that when a firm or branch in one territory was estimating on a job in another territory, it registered in the office of the territory in which the job was located. This applied not only to the Toronto and Montreal territories but also to the affiliated organizations in the cities of Ottawa and Quebec, which also maintain similar registration systems.

VI. CONCLUSION

In the examination which has been made of the activities of the associated glass jobbers it has been found that restrictions on competition within the trade in Canada have been facilitated by commanding positions held by two firms assisted in some areas by a third, and the relationships which have existed between these firms, as well as other members of the association, with the principal suppliers in other countries. International cartel agreements, gentlemen's agreements among importers, and agreements among members of the organized jobbing trade in Canada have all played their part in the development of restrictive practices which have affected the Canadian public. The dependence of Canada upon outside sources for supplies of flat glass makes the conditions applying in international trade in this field of great importance.

The intervention of the war disrupted international trade and led to the abandonment or suspension of many international cartel agreements. This appears to have been the case with respect to international cartel agreements applying to the trade in flat glass, at least in so far as they applied to the North American market. Of importance also has been the action taken by the Government of the United States to prevent the continuance or resumption of private international agreements restricting competition in which firms operating in that country have participated.

During the period in which international agreements were in effect, however, trade practices were developed in Canada, and became trade custom, which were highly restrictive of competition at the import level, and many of these remain. The classification of direct import buyers, the restrictions on the sale of certain substitute products, and to some extent a pricing policy involving discrimination between different customers, resulted in a system of distribution which is still partially monopolistic in character and which limits the possibility of effective competition in the glass trade in Canada. The establishment of restrictive trade customs over a long period of years, and the concentration of control effected through the acquisition from time to time of smaller competitors, have made it possible in recent years for the dominant companies in Canada to maintain these restrictions with but little in the way of formal agreement.

In the glass jobbing trade in Canada it has been found that two companies, Hobbs Glass Limited and Pilkington Brothers (Canada) Limited, taken together, control a substantial part of the total business throughout Canada. In the central provinces their position is shared, to some extent, by Consolidated Glass Limited. They have achieved this position by the progressive expansion of their own branches and by the acquisition of other jobbers through merger or purchase. This expansion has been greatly facilitated by their ability to obtain supplies at preferred prices from manufacturers in other countries, because of superior bargaining in purchasing negotiations or because of special relations with the manufacturers arising from common ownership or, in the case of certain products, from exclusive selling arrangements. These large jobbers have pursued common selling arrangements and other policies in co-operation with each other wherever they have operated in the same market areas.

The most significant of recent developments in this respect is the pending acquisition of financial control of the Hobbs company by Pittsburgh Plate Glass Company, one of the largest manufacturers of flat glass in the United States. The Pittsburgh company has a long history of co-operation with the English and Canadian Pilkington concerns in the Canadian market and elsewhere through cartel agreements, through joint ownership of one Canadian company and through the exchange of patent rights and know-how. Reference has been made in Chapter II to the recent anti-trust actions in the United States involving the Pittsburgh company, along with the Libbey-Owens-Ford and other large American producers. The Pittsburgh company was charged with taking a leading part in the development of restrictive arrangements to establish a monopoly in the American market and to eliminate competition with glass manufacturers in other countries. The company has signed a consent decree which enjoins it from continuing many of the practices complained of and establishes certain conditions which the company must observe in its operations in future.

With the two largest Canadian glass jobbers thus under the ownership or prospective control of two leading manufacturing companies in the United Kingdom and the United States, companies which have worked closely together in various restrictive arrangements, some involving international cartel agreements, and with the record of joint participation in Canada by Hobbs and Pilkington as shown earlier in this report, it is evident that competitive conditions in Canada are likely to be profoundly affected by these developments. It has also been reported in the press that the lone Canadian manufacturer of sheet glass, Industrial Glass Works Limited, has already been acquired by Pittsburgh Plate Glass Company and that the Pilkington firm plans to build a sheet glass factory in Canada. It becomes the more important therefore that independent distributors of glass in Canada should be unhampered in securing supplies from other sources. It is equally important to ensure that the monopolistic influences resulting from financial control are not increased and perpetuated by joint restrictive agreements or practices among the various firms engaged in supplying the Canadian market.

In describing the arrangements among the associated glass jobbers and the manner in which such arrangements have operated, primary reliance has been placed on the record of activities contained in documents of the participants themselves which have been filed as exhibits in the inquiry. It has been necessary to piece the story together by relating information from various sources, as no formal record was kept of the activities of the association in the form of a minute book or other continuing system of reports. There has been an obvious tendency on the part of those participating in the various arrangements to avoid giving any appearance of formality to the organizations which have played such an important part in the conduct of the glass trade. When W. O. Matthews was asked if he had been secretary of what is known as the Glass Jobbers' Association he replied: "Secretary of Conferences, probably is the best designation." (Evidence, p. 17).

In reply to another question he said:

"Well, they called me secretary, and talked 'Association' or 'manager' or something, but there, too, there was no formality about it."

(Evidence, p. 186)

Apart from the position occupied by Mr. Matthews which, as he pointed out, had no official title, no officers or other officials were designated as such under the arrangements maintained among the associated glass jobbers. In the conduct of the association affairs there was a distinction between the "Principals" representing the three largest companies in the Toronto area (with the addition of O'Shea in the Montreal area) and the branch managers

and representatives of smaller members. The fact that such a small group composed the Principals' meetings may have been a factor in the policy of avoiding any formal designation of an executive for the association. The absence of formality in organization, which was facilitated by the fewness of the Principals, made formality in the records of the association unnecessary except where formalization was required to ensure uniformity of action, as, for example, in the maintenance of the price book and the system of price registrations. Frequent notices were sent out by Mr. Matthews to the members of the association to inform them of the matters to be considered as well as to record the results of the joint discussions. In addition Mr. Matthews issued from time to time to particular members, or to the group, interpretations of the joint arrangements and advice or warning as to the course to be followed to maintain such arrangements. In regard to his practice of sending out written notices Mr. Matthews said:

"It was spasmodic; sometimes I sent them, sometimes I did not."

(Evidence, p. 221)

He added:

"If once in a while there seemed there should be some advice given, I suppose they would be sent out."

(Evidence, p. 222)

"If it had anything to do with price, I might send it out; I don't know."

(Evidence, p. 223)

Copies of many of the notices sent out by Mr. Matthews were found in the possession of one or another of the members but they were not kept for any length of time in the records of the association. The following extract from the evidence of Mr. Matthews explains the practice followed:

"Q. Generally speaking, did you retain a copy?"

A. I think so, for some length of time; we would have them there for a short time."

(Evidence, p. 222)

These brief references to the evidence relating to the form of organization of the association and the manner in which its affairs have been conducted serve as a background for the consideration of the arrangements which have been described in the preceding sections of this report. They explain the absence of any memorandum of agreement or other formal record of the basis on which firms entered the association or participated in its activities. They explain why it has been necessary to examine carefully what was actually done through the association in order to reach conclusions as to the nature of the combination and the purpose and effect of it.

The association members in their evidence represented that the purpose of the association has been to provide an independent and neutral means of checking the specifications relating to contract jobs so that errors might be detected and corrected and the specifications made uniform. They asserted that no agreement to secure uniformity of contract prices was involved, although they admitted that this would result from the application of the terms and conditions of the price books, which were the product of their joint efforts. The argument that the contract registration scheme was not designed to secure uniformity in price cannot be reconciled with the evidence. The evidence is clear that the prime purpose of the joint arrangements among members of the trade was the establishment of non-competitive prices in the sale and supply of flat glass.

The evidence establishes that the so-called "standard price lists" for plate glass, sheet glass and mirrors applying in the territories covered by the Toronto and Montreal price books of the jobbers' association had all been adopted at conferences of the members. Uniform selling prices were established by agreement among the associated glass jobbers as to the rates of

discount to be applied in any period to the basic price list. Decisions as to the rates of discount to be used in selling a particular class of goods were reached at conferences of the members. Many instances of such conferences are contained in the evidence illustrating the concerted efforts to secure and maintain agreement on common prices of flat glass. The result has been an agreed system of pricing with respect to all the principal classes of goods handled by members of the association, either by the application of agreed rates of discounts to accepted standard price lists or by the adoption of common net price in the case of some newer products. Agreement was made not only with respect to the rates of discount to be applied in the case of different classes of products but also as to the discounts to be made to different classes of customers. To ensure uniform practice among the members in following the schedules of differential prices the jobbers met together to establish lists showing which customers should receive a specified rate of discount. From time to time such lists were revised at meetings of the members.

The system of maintaining uniform prices was carried further by the associated jobbers in the detailed provisions appearing in the price book and other documents regarding charges to be made for freight and the points at which delivered prices would be charged. Terms of sale, credit and contract terms were standardized and provisions were made against reduction in prices which might result from sales of case lots of plate glass or shipments of pooled carloads of glass to a group of customers. Uniform rates were established for related sales or charges, such as the rate for cleaning glass.

Without admitting that the jobbers had in fact fixed prices counsel argued on behalf of Pilkington Brothers (Canada) Limited that even if they had these prices were reasonable, and that during the war and post-war years prices of flat glass had increased less than those of other building materials. It is true that Pilkington Brothers Limited, of St. Helens, England, did not increase the price of plate glass for export to Canada from 1940 to the time of the investigation and did not increase the price of window glass during the period of wartime controls. This policy of the British manufacturer made it possible to have the price ceiling on window glass, of which it supplied the bulk of the market in the early war years, maintained at the level which had existed in the basic period September 15, 1941 to October 11, 1941. That this action of Pilkington was a deliberate policy is substantially confirmed by the available evidence, and on this basis it may be accepted without attempting to weigh all the possible factors which may have influenced its formulation, including the actual and potential competition of Industrial Glass Works Limited of Montreal and the possible greater acceptance of the United States as a source of supply if the price advantage of British glass were lessened. It is recognized, however, that the import price policy of Pilkington was a matter for its own decision and not one dependent upon association agreement. In fact, there is some evidence that the price policy of Pilkington in this period was not entirely favoured by some other members of the association. It is possible, therefore, that if the matter had been one of decision by the association a different policy would have been followed. The policy of Pilkington with respect to the prices it would charge for imports of sheet glass cannot be used as justification for the elimination of competition among jobbers in the resale of that glass and glass from other sources. In times of normal supply, and in the absence of agreement among glass manufacturers, the prices charged by Pilkington as a manufacturer would be subject to the conditions of a free market. The aim of the jobber association, however, was to maintain the control of the Canadian market so that restoration of normal supply condi-

tions would not bring with it competition in price among the various glass jobbers. The arguments that at any particular time, such as the time immediately following decontrol, prices could not be shown to be unreasonable and that even higher prices might have been established and obtained, cannot be accepted as justification for the maintenance of private arrangements to establish uniform minimum prices. Canadian courts have cited with approval the classic description of the interest of the public in competition in price given in *U.S. v. Trenton Potteries* :

"The reasonable price fixed today may through economic and business changes become the unreasonable price of tomorrow. Once established, it may be maintained unchanged because of the absence of competition secured by the agreement for a price reasonable when fixed. Agreements which create such potential power may well be held to be in themselves unreasonable or unlawful restraints, without the necessity of minute inquiry whether a particular price is reasonable or unreasonable as fixed and without placing on the government in enforcing the Sherman Law the burden of ascertaining from day to day whether it has become unreasonable through the mere variation of economic conditions. Moreover, in the absence of express legislation requiring it, we should hesitate to adopt a construction making the difference between legal and illegal conduct in the field of business relations depend upon so uncertain a test as whether prices are reasonable — a determination which can be satisfactorily made only after a complete survey of our economic organization and a choice between rival philosophies."

The purpose and effect of the price lists drawn up by the members of the association and the common trade practices accepted were to prevent competition in price and to have agreement rather than competition as the determining factor in producing any change in prices. The objective of such arrangements in the post-war period is thus clearly seen to be similar to the objective which was pursued so persistently in the pre-war period.

It was freely admitted by witnesses who participated in the arrangements described in this report that if the common prices and standardized practices were followed by members of the association, there would be no competition in price among them in the sale of flat glass. They contended, however, that this result would follow from the individual decision of each member and not from agreement among them to observe the prices decided upon. In support of this argument they pointed to the absence of any penalties for departure from the accepted schedule of prices or of other formal methods of control. It cannot be accepted that the absence of rigorous measures of control is proof that no arrangement to fix prices existed. The practices followed by the members to secure uniformity of price resemble in some respects the practices described in the judgment given in the Alberta Court of Appeal in the case of *Rex v. Clarke* in the following extract :

"...The evidence shows that prices were not the same at different points, but that a fixed schedule of prices was prepared for the different classes of lumber at any particular point, and if any member sold below the prices so fixed, on complaint being made, the matter was inquired into, and an attempt made to stop such selling."

It appears to me beyond question that such an attempt to fix prices is a distinct violation of sub-section (d) of section 498, and is in itself sufficient to support the conviction."

"...Not merely would the intention of the association as indicated by these by-laws if successfully carried out lessen, but it would absolutely stifle competition."

It can scarcely be gainsaid that the special discounts available during certain periods to members in their purchase of supplies of glass and other preferential treatment which they received were substantial factors in securing conformity to arrangements made by the association.

It is obvious that during the period when the demand for glass increased more rapidly than available supplies and when the general shortages of labour and material made difficult the filling of orders there would be little

occasion for close scrutiny of members' selling practices. In other periods, however, Mr. Matthews was frequently in receipt of complaints of price reductions or of rebates in one form or another made by one member against another and undertook to investigate them when he thought the circumstances warranted such action.

In the correspondence of members of the association the existence of agreements with respect to prices has been clearly indicated. Such references as "charging strictly in accordance with the Association arrangements", "breaches of Association arrangements", "arrange a uniform minimum price for both Districts", "consider the 18 pages as effective as of November 1st" can have no meaning except in relation to an agreed policy on prices among the members of the association.

This conclusion is reinforced by the existence of the system of contract registration which has been operated by the association. Based on the arrangements respecting common prices and terms recorded in the price book, this system of comparison and reconciliation of quotations prepared by members when more than one firm was submitting bids for the same contract has resulted in identical tenders being made by the member companies. The elimination of price competition among those in substantial control of the trade in flat glass is implicit in such an arrangement. Its effect is to substitute the arbitrary determination of prices by a combination of sellers for the protection which the public has a right to expect in the operations of a free market.

Without admitting that the association had operated to fix prices and eliminate competition, counsel argued on behalf of the members that even if they had done these things they should not be considered a "combine" within the meaning of the Combines Investigation Act. It would also be necessary, in their submission, to show precisely in what way the public had been exploited, whether by enhanced prices or in some other manner. This argument does not take into account the basic right of the public to reasonably free competition. Legislation against undue restraints of trade, as the courts have pointed out so often, is designed to protect the specific public interest in free competition and, as Chief Justice Duff said in *Container Materials Ltd.*, "It is from that point of view that the question must be considered whether or not the preventing or lessening agreed upon will be undue".

Careful review of all the oral and documentary evidence and such representations as were made on behalf of the companies concerned leads me to believe that competition in the glass trade has been lessened to a degree which is detrimental to the public interest, and that the following have been parties and privy to or have knowingly assisted in the formation or operation of a combine:

Consolidated Glass Limited, 241 Spadina Avenue, Toronto
 Hobbs Glass Limited, 57 York Street, London
 Pilkington Brothers (Canada) Limited, 27 Mercer Street, Toronto
 Advance Glass & Mirror Company Limited, 92 Adelaide St. East, Toronto
 Canadian Plate and Window Glass Limited, 93 Don Roadway, Toronto
 Excelsior Plate Glass Company Limited, 189 Queen St. East, Toronto
 Lloyd's Glass Company, 380 King Street East, Hamilton
 J. P. O'Shea and Company Limited, 929 Perrault Lane, Montreal
 Queen City Glass Company Limited, 243-247 Victoria Street, Toronto
 W. O. Matthews, 43 Victoria Street, Toronto.

F. A. MCGREGOR

Ottawa,
 December 13, 1949

Commissioner,
 Combines Investigation Act.

APPENDIX I

Imports into Canada

Common Colourless Window Glass

YEAR	United Kingdom			Belgium			United States			Czechoslovakia			Total(1)	
	Value \$000	Quantity		Value \$000	Quantity		Value \$000	Quantity		Value \$000	Quantity		Value \$000	Qty. Sq. Ft. (000)
		Sq. Ft. (000)	% of Total		Sq. Ft. (000)	% of Total		Sq. Ft. (000)	% of Total		Sq. Ft. (000)	% of Total		
1933-1938 Average	340	10093	30	466	19121	56	4	106	(2)	66	2695	8	928	34169
1939	398	12935	27	702	33393	68	11	171	(2)	2	66	(2)	1160	48801
1940	967	22651	48	365	13605	29	246	4580	10	—	—	—	1739	46973
1941	1946	33750	78	—	—	—	363	6864	16	—	—	—	2382	43277
1942	2230	38975	88	—	—	—	288	4867	11	—	—	—	2525	44084
1943	1663	29207	81	—	—	—	377	6523	18	—	—	—	2049	36022
1944	1289	23770	53	—	—	—	1134	21462	47	—	—	—	2425	45284
1945	894	16217	41	—	—	—	1311	23587	59	—	—	—	2205	39804
1946	978	17069	39	255	3537	8	1054	16595	38	367	6298	14	2672	43724
1947	1267	20949	30	942	13076	19	1374	19129	27	1118	16895	24	4717	70227
1948	2283	35316	37	2135	31743	33	1224	16477	17	778	11683	12	6488	96265

(1) Including other countries

Source : Trade of Canada

(2) Less than one per cent

APPENDIX II

Imports into Canada

Plate Glass (1)

YEAR	United Kingdom			Belgium			United States			Other Countries			Total	
	Value \$000	Quantity		Value \$000	Quantity		Value \$000	Quantity		Value \$000	Quantity		Value \$000	Qty. Sq. Ft. (000)
		Sq. Ft. (000)	% of Total		Sq. Ft. (000)	% of Total		Sq. Ft. (000)	% of Total		Sq. Ft. (000)	% of Total		
1933-1938 Average	382	1074	28	205	675	18	571	1904	50	40	149	4	1198	3802
1939	276	692	23	149	422	14	561	1681	56	71	184	7	1057	2979
1940	390	914	28	44	110	3	743	2245	68	15	36	1	1192	3305
1941	461	1033	25	3	8	—	1000	3032	75	—	—	—	1464	4073
1942	339	746	25	—	—	—	708	2146	75	—	—	—	1047	2892
1943	254	622	18	—	—	—	962	2916	82	—	—	—	1216	3538
1944	239	582	15	—	—	—	1126	3250	85	—	—	—	1365	3832
1945	288	716	18	—	—	—	1161	3262	82	—	—	—	1449	3978
1946	550	1419	25	269	609	10	1422	3809	65	—	—	—	2240	5835
1947	871	2051	22	881	1990	21	2045	5325	57	—	—	—	3797	9366
1948	1284	3055	33	402	997	11	1875	5116	56	—	—	—	3561	9168

(1) Excluding bent plate

Source : Trade of Canada

Common abbreviations found in Appendix III

- A.M. — 1. American plate glass manufacturers.
 2. Pittsburgh Plate Glass Company, Libbey-Owens-Ford Glass Company and Franklin Glass Corporation, associated together as Plate Glass Export Corporation.
- C.I.G. — Convention Internationale des Glaceries, the European plate glass cartel.
- C.P.G. — Consolidated Plate Glass Company Limited, later Consolidated Glass Limited.
- E.M. — European plate glass manufacturers, including members of C.I.G. (listed on p. 38) and Pilkington Brothers Limited.
- H.M. Co. — Hobbs Manufacturing Company Limited, later Hobbs Glass Limited.
- H.S.W. — H. S. Wherrett of Pittsburgh Plate Glass Company.
- J.D.B. — J. D. Biggers of Libbey-Owens-Ford Glass Company.
- J.E.H. — J. E. Harrison of Pilkington Brothers (Canada) Limited.
- J.W.H. — J. W. Hobbs of C.P.G.
- L.O.F. — Libbey-Owens-Ford Glass Company of Toledo, Ohio.
- M. de L. — Monsieur de Longueville of Brussels, associated with C.I.G. and the Union Commerciale des Glaceries Belges.
- P.B. — Pilkington Bros. Limited of St. Helens, England.
- P.P.G. — Pittsburgh Plate Glass Company of Pittsburgh, Pennsylvania.
- R.B.T. — R. B. Tucker of P.P.G.

APPENDIX III

INTERNATIONAL PLATE GLASS CARTEL

Agreements and Extracts from Correspondence

1. Copy of Agreement dated May 2, 1934 (as amended)

"1. The Parties to this declaration of policy are Pittsburgh Plate Glass Company and Libbey-Owens Ford Glass Company (together hereinafter called the A.M.) and Convention Internationale des Glaceries and Pilkington Brothers, Ltd., (together hereinafter called the E. M.)

2. The Markets of the World, exclusive of the U.S.A. shall be controlled in two separate sections :

(a) Japan

(b) The rest of the World outside the U. S. A.

and shall be shared between the parties on the following basis :

3. Japan. 20% to A.M. and 80% to E.M. provided that until the accumulated deficit of 1,147,000 feet (which has arisen since January 1st, 1931 under an agreement between the Pittsburgh Plate Glass Company and the E. M.) has been wiped out, the proportion of the A. M. shall be reduced approximately by the quantities shown in the margin. [These figures written in the margin were as follows :

1st year —	154,000 ft.
2nd year —	191,000 "
3rd year —	229,000 "
4th year —	271,000 "
5th year —	302,000 "]

4. Other Markets Outside U.S.A. : approximately 20% to A.M., 80% to E.M.

(Note : It is the intention of the parties that these percentages shall be the mean between the proportions secured by the parties in the American export countries shown on the attached list in (a) the five years 1928/1933 and (b) the three years 1930/1932 over all these Markets taken as one Group.)

Provided that (i) In Canada the sales of the A. M. shall not exceed one-third of the combined sales of the A. M. and E. M. : (ii) Sales in Canada of thin glass for laminating shall be ignored.

5. In all Markets outside the U.S.A. the Parties shall use their best endeavours to spread their shares over the various countries in approximately the same proportions as during the basis period, as particularly mentioned in 7 (a).

6. Neither party shall sell in Countries to which it has not been regularly exporting during the basis period.

7. It is the intention of the Parties that there shall be the closest cooperation between them in all Markets outside U. S. A. and in particular it is agreed that :

(a) The necessary machinery for controlling sales, including frequent exchange of statistics, shall be set up by the A. M. and E. M. In particular the separate constituents of the two parties shall furnish at monthly or other agreed intervals statistics of sales made and shall so spread their individual sales over the various markets as to maintain approximately the respective shares secured by the constituents during the basis period. These statistics shall be furnished to Central offices in U.S.A. and in Brussels and either exchanged between the two central offices or communicated to an agreed independent third party as may be arranged between the A. M. and E. M.

(b) If it is found that with due diligence either party has failed to make its permissible sales, that party shall be authorized to sell at a discount off the official tariff prices calculated to rectify arrears in past sales and to secure for that party its proper share of future sales.

(c) The A. M. will use their best endeavours to restrict exports from U.S.A. by jobbers or outside parties, and if such exports are found by the E. M. to be particularly embarrassing in any country the A. M. will endeavour to prohibit such exports to that country.

(d) Glass sold by either party to shippers or jobbers and known to be intended for export shall be counted as a sale by that party in the country to which it is exported.

8. Courcelles :

General Principles :

(a) Courcelles will endeavour to sell its product at the least possible disturbance to competitors.

(b) Courcelles will try to find a solution of the sales problems to be presented by Mr. de Longueville to Mr. Melchers and will cooperate to make experiments in its sales policy which may obviate these problems.

Specifically :

(c) Courcelles will maintain its share of the Holland-Belgian group production.

(d) Courcelles will exchange with the European manufacturers statistics of its shipments and destinations and prices of same. In general Courcelles will give to the E. M. such statistics as the E. M. may give to Courcelles.

9. The parties to this declaration and their constituents shall use their best endeavours to prevent any action being taken directly or indirectly which would be detrimental to the arrangements made hereunder as to the marketing of glass in any market outside the U.S.A. and in particular would refrain from knowingly selling thick sheet glass for grinding and polishing.

10. In this declaration the expression 'market' means the market for ground and polished glass irrespective of thickness and irrespective of the method of manufacture or colour except opal, Carrara and the like.

11. *Duration.* This declaration of policy is intended to remain in force until December 31st, 1938 and thereafter from year to year until terminated by any party by not less than six months' notice. Provided that if the Convention between the members of the Convention Internationale des Glaceries or the agreement between the Convention Internationale des Glaceries and Pilkington Brothers, Ltd., is terminated under the restricted powers of termination contained therein the present agreement between the A. M. and E. M. may thereupon be terminated by any party.

Supplemental modification of above declaration :

Any party may withdraw from the policy hereby declared on thirty days' notice to the others and at the expiration of such notice all parties shall be at liberty.

PITTSBURGH PLATE GLASS COMPANY
By sgd. HSW [H. S. Wherrett] (2)

LIBBEY-OWENS FORD GLASS COMPANY
By sgd. JDB [J. D. Biggers] (2)

CONVENTION INTERNATIONALE des GLACERIES

By sgd. E. Gentil (1)

PILKINGTON BROTHERS, LTD.

By sgd. W.S.T. [W. S. Tunnoch] (2)
C. H. [Lord Cozens-Hardy] (2)

LIST OF MARKETS

Canada	Panama	New Guinea,	Other West Indies
Australia	Salvador	Surinam)	(Jamaica, Trini-
New Zealand	Colombia	Bermuda	dad, Bahamas,
Argentina	Venezuela	Virgin Islands	British Guiana,
Uruguay	Mexico	Costa Rica	Curacao,
Brazil	Cuba	Hawaii	St. Christopher,
Chile	Philippines	Porto Rico	St. Vincent,
Peru	China	Dominica	Antigua,
Guatemala	Dutch East Indies	British Honduras	St. Lucia,
Honduras	(Sumatra, Java,	Haiti	Montserrat,
Nicaragua	Borneo, Celebes,		Tobago)."

(Exhibit A-219)

2. Declaration of Policy of December 31, 1935

"1. The parties to this Declaration of Policy are PLATE GLASS EXPORT CORPORATION (hereinafter called the A.M.) and CONVENTION INTERNATIONALE des GLACERIES and PILKINGTON BROTHERS, Ltd. (together hereinafter called the E.M.)

2. The Markets of the World, exclusive of the U.S.A., shall be divided into two separate sections :

(a) JAPAN

(b) THE REST OF THE WORLD outside the U.S.A.

and shall be shared between the parties on the following basis :

3. JAPAN: Twenty per cent (20%) to A.M. and eighty per cent (80%) to E.M.; Provided that from the proportion of the A.M. in the calendar year 1936, there shall be deducted 434,407 feet, and in the calendar year 1937, there shall be deducted 434,407 feet.

(1) Two other signatories for the Convention are illegible.

(2) All initials were written in same hand and are not signatures of the persons concerned. The names in brackets represent our understanding of the initials.

4. OTHER MARKETS OUTSIDE U.S.A.: 20.68% to A.M. and 79.32% to E.M. (Twenty units sixty-eight hundredths per cent. to A.M. and seventy-nine units and thirty-two hundredths per cent. to E.M.); *Provided that* from the proportion of the A.M. in the calendar year 1936, there shall be deducted 556,683 feet, and in the calendar year 1937, there shall be deducted 556,683 feet.

(Note: These percentages are the mean between the proportions secured by the parties in the American export countries shown on the attached list in (a) the five (5) years 1929/1933 and (b) the three (3) years 1930/1932, over all these markets taken as one group.)

Provided that (i) in Canada the sales of the A.M. shall not exceed one-third (1/3) of the combined sales of the A.M. and E.M.; (ii) sales in Canada of thin glass for laminating shall be ignored.

5. In all markets outside the U.S.A. the parties shall use their best endeavors to spread their shares over the various countries in approximately the same proportions as during the basis period, as particularly mentioned in 7(a).

6. Neither party shall sell in countries to which it has not been regularly exporting during the basis period.

7. It is the intention of the parties that there shall be the closest co-operation between them in all markets outside U.S.A., and in particular It Is Agreed that:

- (a) The necessary machinery for controlling sales, including frequent exchange of statistics, shall be set up by the A.M. and E.M. In particular, the separate constituents of the two parties shall furnish at monthly or other agreed intervals, statistics of sales made, and shall so spread their individual sales over the various markets as to maintain approximately the respective shares secured by the constituents during the basis period. These statistics shall be collected by A.M. at its central office in U.S.A., and furnished by E.M. to its central office in Brussels, and either exchanged between the two central offices or communicated to an agreed independent third party, as may be arranged between A.M. and E.M.
- (b) If it is found that with due diligence either party has failed to make its permissible sales, that party shall be authorized to sell at a discount off the official tariff prices, calculated to rectify arrears in past sales, and to secure for that party its proper share of future sales.
- (c) Glass sold to jobbers or shippers or other dealers, by either party (including as sales by A.M., any glass manufactured and so sold by any members of A.M.) and exported, shall be counted as sales by that party in the country to which such glass is exported.

8. The parties to this Declaration and their constituents shall use their best lawful endeavors to prevent any action being taken directly or indirectly which would be detrimental to the arrangements made hereunder as to the marketing of glass in any market outside the U.S.A., and in particular will refrain from knowingly selling thick sheet glass for grinding and polishing.

9. In this Declaration the expression 'Market' means the market for ground and polished glass irrespective of thickness and irrespective of the method of manufacture or color except, Opal, Carrara and the like.

10. DURATION: This Declaration of Policy is intended to remain in force until December 31, 1937, and thereafter until terminated by any party by not less than three (3) months' notice; *Provided that* if the Convention between the members of the Convention Internationale des Glaceries or the Agreement between the Convention Internationale des Glaceries and Pilkington Brothers, Ltd., is terminated under the restricted powers of termination contained therein, the present Agreement between the A.M. and E.M. may thereupon be terminated by any party.

PLATE GLASS EXPORT CORPORATION
Corporate Seal (1), 1935, Delaware
Convention Internationale des Glaceries

(SEAL) (1)
R. Des Colonies, Brussels

(SEAL) (1)
PILKINGTON BROTHERS LIMITED

PLATE GLASS EXPORT CORPORATION
by H. S. Wherrett, President (1)
CONVENTION INTERNATIONALE des
GLACERIES
by L. Delloye (1)
President
PILKINGTON BROTHERS, Ltd.
by Cozens-Hardy (1)
R. M. Weeks (1)

(1) These names and words are all typed in the copy.

LIST OF MARKETS

Canada	Panama	New Guinea,	Other West Indies
Australia	Salvador	Surinam)	(Jamaica, Trini-
New Zealand	Colombia	Bermuda	dad, Bahamas,
Argentina	Venezuela	Virgin Islands	British Guiana,
Uruguay	Mexico	Costa Rica	Curacao, Saint
Brazil	Cuba	Hawaii	Christopher,
Chile	Philippines (1)	Porto Rico	Saint Vincent,
Peru	China	Dominica	Antigua,
Guatemala	Dutch East Indies	British Honduras	Saint Lucia,
Honduras	(Sumatra, Java,	Haiti	Montserrat,
Nicaragua	Borneo, Celebes,		Tobago)

(SEAL) Convention Internationale
Des Glaceries
R. Des Colonies
Brussels

Initialed by : C. H.
R. M. W.
L. D.
H. S.W."

(Exhibit A-217)

3. Extracts from Correspondence

Pilkington Brothers Limited, St. Helens, England, to J. E. Harrison, Toronto, March 1, 1935 :

"In order to make the matter quite clear, we would like to remind you of our own arrangements with the Convention. These, as you know, have been in operation since the 1st June 1929, and the quantity each party is allowed to sell on the export markets is based on the position acquired by each party during the base period, i.e., 1st January 1925 to 31st December 1928."

(Exhibit A-1317)

Pilkington, England, to J. E. Harrison, Toronto, December 27, 1929 :

"As regards Newfoundland, the Belgian prices for Canada are usually headed prices for Canada and Newfoundland, but actually we obtain much higher prices in Newfoundland, and we have not advised Messrs. Peters & Sons nor do we propose to do so. We entirely approve of your furnishing each agent with delivered prices to the various points shown in our schedules.

As regards the question of premiums over Belgian represented by the delivered prices which we have sent to you, this is a matter of course which we fully appreciated at the time, and we are glad to know that you think in the majority of cases you will be able to command this premium.

We also appreciate that for the automobile manufacturers, however, it may be necessary for us to revise our prices, and this will certainly have our careful consideration.

You have just sent us an order from Messrs. W. E. Phillips Co., Ltd., from which it would appear as though this company's calculations of Belgian delivered approximate our quoted prices. You will also appreciate that we have given the Continental manufacturers an exact copy of the calculations which we sent to you, and have told them that with the duty paid price added thereto, these delivered prices will represent what we shall quote in all cases. We understand from Mr. W. H. Pilkington that this is clearly understood, and that on no account must any agent quote below these prices without special permission from us.

As regards revising our prices to the automobile manufacturers, this is a point on which we shall have to be in agreement with the Continental manufacturers, and we shall write to you again about this as soon as possible."

(Exhibit A-1579)

(1) Endorsed on the copy of this agreement in the handwriting of Mr. J. E. Harrison is the following comment : 'See Supplementary Agreement of March 5th, 1936 deleting U.S. Insular Possessions'.

Pilkington Brothers (Canada) Limited to Pilkington, England, January 7, 1930 :

"Plate Situation

We thank you for your letter of 27th ult. and are pleased to note you will give consideration to the fact that in some instances it may be necessary for us to more nearly approach the net cost of Belgian glass. When you decide to take up this matter, may we suggest that you do so in a general sense and not as applying to the Automobile trade alone; what we have in mind is that later we may need to do something in this respect for J. P. O'Shea & Co., Consolidated Plate Glass Co., etc., as well as Motor Products Corporation.

Up to now there has been no necessity to go lower than the basis arranged by you, and we sincerely hope there will be no necessity to do so, but if there is we will at once cable you for instructions.

Meantime, we confirm the assurance given to you by Mr. W. H. Pilkington who saw the correspondence in connection with this matter. All Agents have been given definite instructions that all our terms and conditions must be rigidly observed and that in no circumstances must the prices furnished by us be reduced without permission from this office; we of course would not go below the basis laid down by you without your authority."

(Exhibit A-1578)

Pilkington, England to J. E. Harrison, Toronto, January 17, 1930 :

"When the new prices came into effect last November we agreed with the Continental manufacturers that we would endeavour to get a slightly higher price than theirs wherever it was possible, and we note that you have recently sent us an order for two carloads from Phillips. At the same time we understand that the Motor Products Corporation have said that our prices are definitely too high, and as we must have these orders we are willing to allow you to meet the Belgian prices if you find it absolutely necessary but we think you should be able to secure a small advantage. Of course in giving you this concession you will appreciate that the terms will have to be Cash against Documents or that if any credit is allowed, the prices must be correspondingly higher in order that on no account may we be offering terms more advantageous than those which the Belgians are offering."

(Exhibit A-1582)

Pilkington Brothers (Canada) Limited to Pilkington, England, January 17, 1930 :

"We wish to acknowledge your several letters and cables on this subject and to thank you for all the information you have afforded in connection with the new prices and arrangements which are all now quite clear to us.

Regarding the Bonus list, at first we did not think it was desirable or necessary to give the Pittsburgh Plate Glass Co. the names of any Bonus buyers outside the firms to whom they had been supplying, namely the Hobbs Mfg. Co. Ltd. and W. E. Phillips Co. Ltd. but after careful reconsideration and especially in view of the fact that it was eventually decided to place every buyer except Thornes and Sumners on the list, we thought it advisable to recommend that Mr. Wherrett be informed of the Bonus applying to several firms and cabled you accordingly. We duly received your cable reply of December 23rd and noted the manner in which you wished us to deal with this matter and accordingly in a telephone conversation with Mr. Wherrett on the 10th inst. we informed him of the Bonus applying to Ford Motor Co., C.P.G.Co. Ltd., J. P. O'Shea & Co. and Motor Products Corporation in which firms he appeared interested and remarked that he would appreciate the names of any others. We said we would let him have the information later.

Incidentally, we may say it was our intention to call and see Mr. Wherrett and mention the Bonus list, but after Mr. J. W. Hobbs' visit to us, we thought it advisable not to further delay telling Mr. Wherrett we had received the names of the Bonus buyers.

On the evening of the 15th, Colonel Phillips telephoned the writer to inform us for our personal guidance — evidently assuming that we did not know — that the Continentals had agreed to give a Bonus to a lot of small buyers naming Gauthier Ltée, Winnipeg Paint & Glass Co., W. J. Carson, Canadian Plate & Mirror Co. He added that there were others on the list and he would let us know who they were in a few days.

We did not admit our knowledge of the Bonus list although it will probably not be long before he learns that we are meeting competition.

That Colonel Phillips should be able to get private information of this kind is, to say the least, disturbing, and it would appear as though there was a leakage from the office of one of the Belgian agents. We do not think for a moment that Baylis or his office man Hayter would divulge anything. Rinfret, Munderloh's Manager, called to see the writer this morning and quite voluntarily brought up the Bonus question, expressing his fear that in time all the buyers would find out what rate each other got, thereby creating an unsatisfactory situation. Meantime, he had been questioned by several buyers but had replied that it was confidential information and could not be divulged. We have confidence in Rinfret and therefore feel sure he has not given the information to Colonel Phillips. This narrows the

sources in Canada down unless Colonel Phillips has some friend in Europe who keeps him posted.

As there is no doubt Colonel Phillips will tell Mr. Wherrett all he knows about the Bonus arrangement, we felt that it was advisable that we should give the information to Mr. Wherrett and so maintain his confidence rather than run the risk of his asking us to confirm news obtained indirectly. We therefore arranged to leave for Pittsburgh, meantime consulting you by cable as to whether you approved our recommendation...

We were very glad indeed to receive your authority to communicate the complete Bonus list...

We duly saw Mr. Wherrett and our reception was very cordial as usual. He wished us to thank you for keeping him posted and did not ask any questions at all and did not mention Phillips. Mr. Wherrett merely remarked that several Canadian buyers had told him of the Bonus.

We did not have much time with our friend as he was attending a conference...

Vance [Export Manager, P.P.G.] did not hesitate to express his pleasure at the better Plate prices prevailing in Canada and also confirmed what he had previously stated to Mr. Bridge, namely that Mr. Wherrett [President, P.P.G.] had instructed him very definitely that they must not expand in Canada and we gathered also that this meant they would only deal with firms with whom they had dealt in the past irrespective of their agreement to not expand...

(Exhibit A-1571)

Pilkington, Canada, To Pilkington, England, February 1, 1930 :

"We thank you for your letter of January 16th and while we have no knowledge of any shipments of Plate glass being made from any of our Depots to the United States, we are writing all agents today reminding them of the instructions we issued on July 16th and requesting an assurance that there have been no such exports. When the replies are to hand, we will promptly write you again."

(Exhibit A-1569)

Pilkington, England, to J. E. Harrison, Toronto, February 12, 1930 :

"Consolidated Plate Glass Co. of Canada Ltd.

We found that Mr. DeLongueville was very seriously concerned about the possible developments here. Mr. Hobbs had evidently written to him in exactly the same way as he has talked to you, about placing his orders in the future with the P.P.G. Certainly he has been a supporter of the European Manufacturers, both Belgian and French, for some years past, and in view of the fact that anyone who confines his purchases to Europe has to carry considerably larger stocks and to wait a much longer time for delivery of the Glass, Monsieur DeLongueville feels that Mr. Hobbs is entitled to some special concession as an indemnity. Now that both the Hobbs Manfg. Co. and Phillips place a large proportion of their orders with the P.P.G., the C.P.G. must be regarded as the only big outlet left for the Convention as a distributing channel for their Glass, and we have agreed with Mr. DeLongueville that they should be entitled to receive from the Convention some special discount of, say, 3%; this M. DeLongueville describes as an indemnity bonus in return for the C.P.G. purchases being largely confined to the Convention. We wish you to sound Mr. Wherrett to see whether he would be agreeable to the C.P.G. receiving this special concession from the Convention. We ourselves would not be giving it, or not yet at any rate, and we would expect the Pittsburgh Plate Glass Co. to act similarly to us, but even more important is that the P.P.G. should not retaliate by giving similar concessions to their own customers, the Hobbs Manufacturing Co. and W. E. Phillips Ltd.

If you cannot get an assurance on these lines from Mr. Wherrett, then the proposal to give the C.P.G. a special rebate will have to be reconsidered. Will you please see Mr. Wherrett and let us hear from you as soon as possible.

With regard to our own position, you may think that we have somewhat prejudiced it by the tacit admission that the C.P.G. are now to be regarded as the distributing agents for Convention Glass. We think that it should still be possible to obtain occasional orders for a carload or two at a time from Jack Hobbs when you explain to him that the fact that we do not give this extra concession is part of the bargain made amongst the manufacturers, and that we could not support the giving of such a concession if we felt that we were to lose all business as a result.

You will, of course, now go down to the Belgian net terms apart from the special rebate for the C.P.G. Co., Ltd., and this would leave you only at a disadvantage of 3%; and we think that you should be able to get some business at this premium. Mr. Hobbs will, we feel sure, be willing to place orders for O.G. cut sizes with us on account of our better quality, and while we should probably want some stock size orders in G.G., we might be prepared to waive this in order to ensure the smooth working of the Agreement."

(Exhibit A-1555)

Pilkington, Canada, to Pilkington, England, March 12, 1930 :

"Consolidated Plate Glass Co. of Canada, Ltd.

We duly received your letter of 12th ult. and are obliged for your views and guidance. We appreciate M. DeLongueville's concern and admit there are some grounds for giving the Consolidated Plate Glass Co. of Canada Ltd. special consideration, although as previously stated, we do not think Jack Hobbs will change his policy of dealing with the European manufacturers and ourselves.

We thought this matter over carefully and felt that Mr. Wherrett would not take kindly to the suggestion of the Convention giving a concession to one large buyer for the purpose of restraining him from drawing supplies from the P.P.G. Co. especially in view of the fact that the C.P.G. Co. are not as large buyers as the Hobbs Mfg. Co. Ltd.

Although we advocate being as frank as possible with parties to an arrangement, we rather felt that this was a case where it was advisable to suggest to you that if the 3% is to be granted, it should be conditional upon the concession being treated in a strictly confidential manner. We cabled you accordingly.

However, we duly received and thank you for your reply and on reflecting agree that it is better to frankly inform Mr. Wherrett.

Accordingly, we explained to Wherrett what was suggested but that you would not agree this special 3% being granted by the Continentals until we had obtained his approval. Wherrett's own words were 'We cannot approve but we do not object', adding that he could not see the logic in giving the C.P.G. Co. a preference over the Hobbs Mfg. Co. He also stated that he did not like to be in the embarrassing position of having to answer a question from the Hobbs Mfg. Co. or Phillips as to whether they were being given as good terms as other buyers. However, he will find some way of meeting the situation should it arise.

Mr. Wherrett told us that when Jack Hobbs came to see him two weeks ago he (H.S. W.) told him that he was not disposed to do anything in the Canadian market which would tend to disturb present stable selling conditions and certainly would not do anything which might be regarded as antagonistic towards the Continentals or P.B. Jack Hobbs agreed this was good policy and also that conditions from a buyer's point of view were firm and favourable.

Wherrett also indicated that he would be quite satisfied if he, Jack Hobbs, continued to deal with the Continentals and Pilkington Brothers.

Jack Hobbs was sincerely complimentary in his remarks about ourselves.

Mr. Wherrett when we first broached the special discount of 3% suggested that Jack Hobbs had evidently been 'working on' M. DeLongueville.

Before leaving, Mr. Wherrett wished us to inform you that whatever arrangements you consider advisable to adopt for Canada will have his full support as it is your market, notwithstanding it is adjacent to the U.S.A. and that if we ever suspect the P.P.G. Co. of doing something against the interest of the Convention or ourselves in Canada, he wishes us to approach him without hesitation.

We have promised to advise him if you decide to approve of the Continentals giving 3% to the Consolidated Plate Glass Co."

(Exhibit A-1554)

Pilkington, Canada, to H. S. Wherrett, Pittsburgh Plate Glass Co., April 11, 1930 :

"Canada

We have just received word that it has been arranged for the European Convention and our own firm to put into effect new arrangements, which became effective on the 24th ult. in connection with the sale of Special Glazing Plate, as referred to on page No. 11 of the booklet we handed to you dated November 20th.

We have no doubt you will approve and are enclosing copy of the new arrangements which kindly insert in your book."

(Exhibit A-1547)

H. S. Wherrett to Pilkington Bros., Ltd., Toronto, April 14, 1930 :

"I have your communication of the 11th inst. with enclosure referring to arrangements which became effective on the 24th ult. in connection with the sale of Special Glazing Plate.

This is entirely satisfactory to us and I thank you for giving me the information."

(Exhibit A-1539)

Pilkington, Canada, to H. S. Wherrett, May 19, 1930 :

"Canadian Prices

We beg to inform you the Convention have increased their minimum prices for Thick Polished Plate and Thick Rough Cast glass for the Canadian market. For your information we enclose particulars of the new prices, which are in Canadian cents, and which apply as from May 12th.

These prices are f.o.b. Antwerp, duty paid, and take the place of the figures shown in the booklet which we sent to you in November last."

(Exhibit A-1528)

H. S. Wherrett, Pittsburgh Plate Glass Company to Pilkington, Canada, May 20, 1930 :

"I have your communication of the 19th inst. and thank you for enclosing list of current prices on thick polished plate and thick rough cast plate in the Canadian market."

(Exhibit A-1522)

Pilkington, Canada, to Pilkington, England, August 20, 1930 :

"Ford Motor Co. Ltd., Plate Supplies

We confirm cablegrams exchanged on the above subject as follows :

Rec'd 28/7/30 : 'M. DeLongueville [Union Commerciale des Glaceries Belges] heard confidentially from Ford Motor Co. Ltd. Canada they are buying Pittsburgh Plate Glass Co. glass indirectly from Detroit jobbers at 1½ cents less than Belgian although cannot obtain all sizes. Can you confirm or otherwise.'

Sept. 3/8/30 : 'Your cable 28th M. DeLongueville information probably obtained through J. Taylor & Son. We are surprised McKigan divulged source supplies. However, McKigan also told us buying about one and half cents less but careful conceal source. (stop). Some glass has been delivered in American cases but marks thoroughly obliterated. (stop). It is possible for American jobber supply domestic O.B. quality also possible Belgian glass supplied after working edges and refund American duty obtained. See our letter 22nd ult.'

We were a little surprised to learn that M. DeLongueville had been told confidentially by the Ford Motor Co. Ltd. that they were buying from the Pittsburgh Plate Glass Co. through Detroit jobbers. Probably, however, he had learned this through J. Taylor & Son or Baylis. Although we have several times endeavored to obtain information from Mr. McKigan about the source of his supplies he has been most careful to avoid giving us any information as to where his supplies were obtained. He did, however, tell us that he was buying at about 1½c ft. less than the Syndicate prices.

You know of course that we have been trying to obtain a sight of the cases and glass, and we have actually seen some American cases in the Ford works but the manufacturers' marks on sides and ends were completely obliterated. The contents were roughly marked in black ink in large figures on the ends.

As you will see from our letter of 22nd ult. it would be possible for a Detroit jobber to supply Domestic O. B. quality. It would also be possible to supply Belgian glass if the edges were worked in the United States.

Mr. Vance of the Pittsburgh Plate Glass Co. was here on Monday and Tuesday of this week and we took the matter up with him quite frankly. He assured us that they were not supplying the Ford Motor Co. directly and he was very doubtful whether any jobber in the United States had been purchasing Ford sizes in either C.G. or O.B. from them. Mr. Vance stated that he was very anxious to help us all he could to clear up this matter and would find out from Mr. Judson on his return whether any jobbers were buying Ford glass. Vance expressed the opinion that it was very unlikely that their company would supply a large motor order to a jobber as their policy was to sell direct. He thought that if a Detroit jobber had ordered Ford sizes in large quantities, Mr. Judson would have noticed it and brought the matter up at their sales meetings at Pittsburgh.

We are hopeful that we shall be able to obtain some information from Mr. Vance in the course of a few days which will enable us to trace the source from which Ford is obtaining supplies.

We thought it advisable to tell Mr. Vance that we had been carrying on our investigation quietly during the past eight or nine months and had patiently sat and allowed the orders to pass but that it would not be the intention of the Syndicate or ourselves to lose all the business for much longer. We appreciated that all we needed to do to get a share was to meet competition and from his remarks there is no doubt whatever that the P.P.G. Co. have

no intention of underselling the Syndicate in this market. We hope to have something to report by cable in the course of a week or so, after Vance's return to Pittsburgh." (Exhibit A-1517)

Bonus List for 1932, adapted from copies correspondence between Pilkington, England, and the Union Commerciale des Glaceries Belges, S.A., in December, 1931 :

<i>Firm</i>	<i>Bonus Rate</i>	
Consolidated Plate Glass Co., Toronto	Up to 15 sq. ft.—5%	(plus 2% by Belgians)
	Over 15 sq. ft.—7%	(plus 2% by Belgians)
The Hobbs Mfg. Co., London	Up to 15 sq. ft.—5%	
	Over 15 sq. ft.—7%	
W. E. Phillips Company, Oshawa	5%	
Motor Products Corp., Walkerville	5%	
Ford Motor Co., Windsor	5%	
Canadian Plate Glass & Mirror Co., Montreal	3%	
Edmonton Plate & Glass Co., Edmonton	3%	
J. P. O'Shea & Co., Montreal	5%	
Advance Glass & Mirror Co., Toronto	3%	
Excelsior Plate Glass Co., Toronto	3%	
Provincial Glass Co., Toronto & Montreal	5%	
Queen City Glass Co., Toronto	3%	
Bogardus Wickens, Vancouver	5%	
Wm. Holt & Son, Vancouver	3%	
Wm. N. O'Neil Co., Vancouver	3%	
Western Glass Co., Vancouver	3%	
Mellor Bros. Co., Vancouver	3%	
Gauthier Ltd., Quebec	3%	
Duford Ltd., Ottawa	3%	
W. J. Carson Ltd., Ottawa	3%	
Matthews Bros. Ltd., Toronto	3%	
Tait Plate & Window Glass Co., Kitchener	3%	
Winnipeg Paint & Glass Co., Winnipeg	3%	
W. H. Clark & Co. Ltd., Edmonton	3%	
Melrose Co. Ltd., Victoria	3%	
Dundas Glass Co., Dundas	3%	
Regina Plate Glass Co., Regina	3%	
W. A. Cushing Limited, Calgary	3%	

Pilkington, England, to J. E. Harrison, Toronto, February 25, 1932 :

"PLATE GLASS — CANADA

On receipt of your cable of the 20th inst. giving particulars of the exports of Plate Glass from the U.S.A. for December last, we were able to make an examination of the position of the Canadian Market for the whole year. The total imports into Canada during 1931, according to the official figures, were 3,171,908 feet, while the exports from the P.P.G.Co. amounted to 790,139 feet, or 25%.

Under the quota arrangement you made with the P.P.G.Co. they were entitled to 23.5%, so that the result of the year's working, so far as the P.P.G.Co. is concerned, is about right.

The whole trouble of course is the exports from the other American Manufacturers, which amount to practically the same figure as that of the P.P.G.Co. We ourselves seem to have maintained our position, but the position of the Belgians is certainly disastrous.

We should like to know whether the American Manufacturers, both the P.P.G.Co. and the L.O.F. are still accepting orders freely from the Canadian customers."

(Exhibit A-1626)

Pilkington, England, to J. E. Harrison, Toronto, March 23, 1932 :

"Although we have written you fully about the general situation, we think it advisable, in order to keep our records complete as regards Prices, that we should specially confirm the cables exchanged on this subject :

OUR CABLE TO Mr. HARRISON, 12/3/32.

Canada Plate Glass we have agreed with Convention introduce new prices 1/4" Polished Plate and 3/16" Polished Plate factory run quality to operate on or after March 14th brackets 10/15 ft. 41, Brackets 15/25 ft. 42, Brackets 25/50 ft. 43. Brackets 50/75 ft.

45 Brackets 75/100 ft. 46, Brackets 100/120 ft. 49 cents respectively, all conditions of Booklet and usual Zone extras apply Polished Plate Glazing for Glazing and other prices remain unchanged. Customers must not be advised before March 14th, please inform H. S. Wherrett. For your private information owing to new prices adopted in U.S.A. market it is possible glass to be reshipped to Canada and sold at a profit below present Canadian prices. Under the circumstances it is considered present reduction best way of reducing prices in Canada.

MR. HARRISON's CABLE, 13/3/32.

Referring to your cablegram of 12th inst. appreciate your difficult position, very sorry there is not other means satisfy Continental Manufacturers, it is probable that you had suggested reopening quota negotiations American Manufacturers as alternative. Have informed H. S. Wherrett who reserving remark until my visit probably Wednesday, meantime wish definitely state reserve the right meet new prices."

(Exhibit A-1627)

Pittsburgh Plate Glass Company to J. E. Harrison, May 23, 1932 :

"I know that it was not the policy of your company in the past to supply the special glazing, although the Continental factories had this category in their price schedule, and had prices on same up to 15 sq. ft., at quite a reduction under the regular glazing price. It was always my understanding that the special glazing was a quality rather under the regular glazing quality, or something along the lines of O.B. quality, and yet I have heard that there was very little difference actually between the quality of glazing and the special glazing. The special glazing in the 10 to 15 ft. bracket carries a price of \$.3875.

Now the factory run quality comes out recently, and that carries a price of \$.41 per sq. ft., on the 10 to 15 ft. bracket, and it was my general understanding that the factory run quality was simply put into effect as applicable to O. B. quality in the larger sizes, and if so, how are we going to reconcile the two different prices on the 10 to 15 ft. bracket. Am I correct in assuming that your company are going to supply the factory run quality when it is ordered by your clients, or are you going to abstain from doing so, as on the special glazing quality?

I may say that thus far we have not had any orders for the factory run quality from Canada, but we do have an order in this morning that calls for same, and some of it is in brackets under 10 sq. ft., and the question arises as to whether we should apply the special glazing price, or whether we should refuse to fill that portion of the order which comes under 10 sq. ft., and where they specify factory run. I would like to have your views upon this at your convenience."

(Exhibit A-1638)

Pilkington, Canada, to A. M. Vance, Pittsburgh Plate Glass, May 30, 1932 :

"Your letter of May 23rd. It has not been our policy to sell Special Glazing, and as a matter of fact we can only remember one very small shipment, and this was six or seven years ago.

We had already noticed the overlapping on the 15 ft. line in Special Glazing and Factory Run, and until we are able to get a definite ruling we would suggest that you charge the higher price for the item which you have in mind.

Regarding Factory Run quality, we are doing all we can to discourage the use of this quality in Canada, and to date we have sold only a matter of three or four cases, although we have turned down considerably larger quantities from time to time.

In the small order, to which we have referred above, we had a very small footage of Plate Glass under the 10 ft. bracket, and we arranged to charge this at 41 cents per foot, which is higher even than the G.G. prices for 10 ft."

(Exhibit A-1637)

Pilkington, Canada, to Pilkington, England, August 22, 1932 :

"Referring to your cablegram of the 12th inst., reading in part :

'Canada. Agreed to quota 23% and for first 6 months this year they have sold 43%. (STOP).'

We appreciate that you are disturbed about the excessive shipments of the P.P.G. to Canada, and the writer discussed this matter fully with Mr. H. S. W. [Wherrett of Pittsburgh Plate Glass] on the 19th inst.

He regrets that there is occasion to call attention to the P.P.G. shipments, but the position is very difficult to regulate owing to the fact that the Motor Products Corporation is practically compelled to use P.P.G. Plate Glass for laminating for Ford shields until other Plate Glass is available which is as little transparent to ultra-violet light as theirs.

The P.P.G. shipments during the last three months have been largely in $\frac{1}{8}$ " bare to Motor Products — it is fortunate that W. E. Phillips laminated plant has not been in operation since January 1st — and they have avoided seeking business from jobbers. The P.P.G. would of course much prefer to have some of the general Plate business, particularly in large sizes, as the prices on the $\frac{1}{8}$ " stuff are not remunerative. A large part of the balance of the P.P.G. shipments comprise motor sizes supplied to W. E. Phillips.

Mr. Vance will furnish us with particulars of their sales of $\frac{1}{8}$ " glass in a few days.

Mr. H. S. W. hopes you will appreciate that they are placed in this position largely because they are helpless. However he hopes, and believes, that by the end of the year their percentage will be greatly reduced because the Motor Products requirements are now very small owing to the Ford car production being seriously curtailed.

Mr. Vance suggested, probably half seriously, that $\frac{1}{8}$ " glass should be counted as 50% for purposes of quota.

Mr. H. S. W. promises that if they are in excess at the end of the year, the position will be adjusted by them within a reasonable time.

Mr. H. S. W. mentioned that he hoped the Continentals would agree to revert to Schedule prices for $\frac{1}{8}$ " glass, as he could give us an assurance that L.O.F. will not undersell any arranged prices. We told him you had informed us that this question would be submitted to the Convention and he wishes us to convey his best thanks for your efforts in this direction."

(Exhibit A-1659)

Pilkington, England, to Director-General, Commercial Union of Belgian Plate Glass Factories, December 17, 1932 :

"The following is a cable we have to-day received from Mr. Harrison :—

'H. S. Wherrett very sorry unable to come any arrangement J. D. Biggers who does not want commit himself in regard to Canada. Prefers, so he says, await development in regard to world market, as referred to by Continental Manufacturers during Goodwillie's visit Europe. J. D. Biggers, however, reassured H. S. Wherrett he has no aggressive plan, particularly under present Canadian Tariff situation.'

We also gather from conversations Mr. Harrison has had with Mr. Wherrett that the latter is definitely of opinion that the new Canadian Customs Tariff will very considerably restrict the American Manufacturers' shipments to Canada.

The idea of reaching any agreement with the American Manufacturers as to a quota on the Canadian market at the moment would appear abortive, and in consequence we must consider other alternatives to meet the present circumstances.

We have no positive indication that the American manufacturers will curtail their shipments on account of the new Canadian Customs Tariff, and it would be unwise to place too much reliance upon this. On the contrary we, for our part, cannot afford to ignore the importance of preserving the preference afforded by the Ottawa agreement, and it will devolve upon us to develop our sales freely and without restraint. In these circumstances it is necessary for us to consider whether any change in our prices and selling conditions in Canada should now be made, and if so, whether such new prices should be communicated to the American Manufacturers.

For ourselves we should deprecate a break with the American Manufacturers at this stage. Should we mutually agree to make a reduction in prices we would suggest that the American Manufacturers be informed of our intentions without comment.

Our recommendation is to make a general reduction of about 5% in the Canadian prices, cancel all present bonuses and allow a bonus of 5% to :—

W. E. Phillips & Co.
Hobbs Manufacturing Co., and
Consolidated Plate Glass Co.

for the period of one year, in order to try out their bona fides.

We do not know whether you will wish to abolish the Tout Venant or special glazing qualities now offered to the Canadian Importers, but we shall welcome your views on the whole subject, and no doubt you will be writing us as soon as possible."

(Exhibit A-1685)

Pilkington, England, to J. E. Harrison, Toronto, December 30, 1932 :

"We confirm your cable of the 14th December as under :—

'H. S. Wherrett very sorry unable to come any arrangement J. D. Biggers who does not want commit himself in regard to Canada. Prefers, so he says, await development in regard to world market, as referred to by Continental Manufacturers during Goodwillie's visit Europe. J. D. Biggers, however, reassured H. S. Wherrett he has no aggressive plan, particularly under present Canadian Tariff situation. Personally am strongly of opinion that also voluntarily has been confirmed (by) H. S. Wherrett this morning this new tariff will automatically adjust American manufacturers' shipments Canada, even if Polished Plates special glazing and Factory run quality abolished, which we hope will be agreed to later. It is probable that we will be able to regulate orders irrespective of jobbers' projected co-operation. Evidently J. D. Biggers hopes might be eventually offered quota foreign market in return for agreeing curtail Canada.'

(Exhibit A-1683)

Pilkington, England, to J. E. Harrison, Toronto, August 10, 1934 :

"CANADA — PLATE GLASS.

We confirm our recent cables in regard to the price differential for the Convention.

The whole matter was very carefully considered and after a meeting with the Convention it was agreed that the following arrangements should be put into operation, to apply to all orders taken at the new prices which came into force on the 1st August.

"The Convention will allow the special discount of 5% to the following firms :

Hobbs Manufacturing Co. Ltd.
Consolidated Plate Glass Co.
W. E. Phillips Co. Ltd.
J. P. O'Shea & Co.

and a special discount of 3% to all other buyers.'

These special discounts will be applied on the price of the glass only, excluding silvering, bevelling, etc. and packing, and will be calculated on the invoice amount before deduction of the cash discounts.

It will be understood that these special discounts are in addition to the end-of-year premiums."

(Exhibit A-1480)

Pittsburgh Plate Glass Company to Pilkington, Canada, September 4, 1934 :

"Since I wrote you a few days ago on this factory run proposition, I find out that this man Atcheson in Buffalo has approached our manager in that city now on several occasions, and has expressed his desire to buy one or two cars of plate, or even more if he could get it, and when he was pinned down, we found it was his intention to ship such glass, probably by truck, into the Toronto market.

Now the situation is this, that we refuse absolutely to sell him either factory run or plate of any kind, although I did hear from another source, that some glass had come in to the Toronto market that bore our labels, but I have been unsuccessful in finding out anything about the quantity of it, or of what the shipment consisted. And while we have not been a party to any such transaction knowingly, yet we think there might be a possibility that Atcheson may have picked up a few cases of factory run quality from the Scranton Plate Glass Co., in Scranton, Pa., this practically being a branch of Perelstein of Philadelphia.

Of course this is largely supposition on our part, but you must admit that it is rather difficult to control the situation, and prevent glass from this country getting over into Canada when parties like Eliasoph of Montreal is combing the New York market for factory run quality, and will certainly be able to pick [pick?] some of it up, since there is a rather considerable spread in price between the domestic prices of this country, and the new Canadian prices.

But I do wish you to know that we are trying to guard against this happening, but I might say that even some of our own branch houses have had temptations thrown in their way. For instance, last week the Regina Plate Glass Co., of Regina, offered some of this business to our own Minneapolis warehouse, and we were successful in blocking that sale, but whether they secured it from some other jobber in Minneapolis, or St. Paul, I do not know. Incidentally that firm happened to be on the list of accredited jobbers who receive a bonus in Canada, and it would seem to me that you should be able to stop any flow of business from them to firms in this country.

Meanwhile we are still trying to find out the source of supply for Atcheson of Buffalo, if it is a fact that he has put some of this glass in the Toronto market, and if you happen to hear of it being discussed, and have any information as to the quantity, I would be

interested in knowing, but meanwhile, you can rest assured that where we know that the destination might be Canada, we are refusing to sell, or to even quote."

(Exhibit A-1483)

Pilkington, Canada, to Pittsburgh, September 8, 1934 :

"Very many thanks for your letter of the 4th instant regarding supplies of Plate Glass to Acheson in Buffalo. We appreciate very much your efforts to help us, and we will most certainly advise you of anything which we may hear in connection with the subject in mind.

We do not think that Acheson's shipments have been important. Indeed, we do not think that they would total more than 5 or 6 Cases, but it is unfortunate that these Cases get into the hands of irresponsible merchants..."

(Exhibit A-1482)

Pilkington, England, to J. E. Harrison, Toronto, January 3, 1935 :

"We are in receipt of your letter of the 10th ultimo, which will enable us to discuss the general market situation with Mr. de Longueville.

We confirm exchanged cables as under :—

Works to Toronto 31/12/34.

'Canada referring to minutes of meeting Brussels September 10th referring to your letter 10th inst. have you any objection to prices for small sizes increased as proposed. We have suggested to Convention that owing to American situation bonus all customers should remain unchanged for 1935 but with addition Glass & Mirror Co., Stratford, Ont. 3% do you agree. Statistics up to end of October show American Manufacturers 404,000 square feet in excess of markets outside Japan including 103,000 square feet Canada you may have opportunity of mentioning this to H. S. Wherrett without prejudice to general situation referring to our cable 28th inst.'

Toronto to Works 1/1/35.

'Referring to your cablegram 31st ultimo The Glass & Mirrors Co., Stratford, Ont., are not legitimate jobbers, therefore we do not consider entitled to bonus as per our letter of August 29th 1932. Think it advisable to continue present bonus list until American situation clear. We should welcome higher price (s) small sizes, but as P.P.G.Co., L.O.F. at present considering lower quality Polished Plate G.G. for Canada, we suggest standstill until we learn all about American Manufacturers' decision. To advance the price of Plate Glass would probably result in American Manufacturers continuing present high quality which gives them practical monopoly silvering sizes.'

We note your remarks about increasing the prices for Small Sizes, and the only comment we wish to make is that if the American Manufacturers are really sincere in their efforts to cut down their shipments to Canada then the fact of an increase in the price should not affect their action in this direction.

We shall be meeting Mr. de Longueville on January 21st. and we have not the slightest doubt he will press very strongly for an increase to be made. Should you have any further comments to make on this subject, we shall be glad if you will cable us prior to January 21st.

We note that you do not consider the Glass & Mirrors Co., Stratford, Ont. should be put on the bonus list, and that the present bonus list should be continued without change until the American situation is cleared up."

(Exhibit A-1309)

Pilkington, England, to J. E. Harrison, Toronto, January 3, 1935 :

"HOBBS MANUFACTURING CO.

We confirm exchanged cables as under :—

Toronto to Works, 9/12/34. —

'A. M. Vance [P.P.G.] confidentially heard carload Plate destined London and Liverpool being shipped New York 12th on order bill lading steamer "Mahronda". A. M. Vance investigating meantime P.P.G. Co. informant New York suspects Hobbs Mfg. Co. are shippers.'

Toronto to Work, 11/12/34. —

'Referring to our cablegram of 9th instant, information has been confirmed by A. M. Vance (P.P.G. Co.) Shipment consisted of 8 cases up to 90" wide, 2 cases over. Originated Kane consigned to Witting Bros. Ltd. part London part Liverpool by Hobbs Mfg. Co., London. Davidson Hobbs Mfg. Co. London without permission made shipping arrangements New York.'

Work to Toronto, 29/12/34. —

'Referring to your cable 9th instant referring to your cable 11th instant United States export by Hobbs Mfg. Co., London, Ont. we have conferred International Plate Glass Convention and consider Hobbs Mfg. Co., London, Ont. should be informed that should they concern themselves with any further transactions of exporting American Plate Glass their bonus for Canada will be withdrawn. They might be also threatned with open prices in Canada. Please consult American Manufacturers and if they agree how do you consider this decision should be conveyed Hobbs Mfg. Co., London, Ont.'

Toronto to Works, 30/12/34. —

'H. S. Wherrett and we think J. D. Biggers should be asked communicate with Hobbs Mfg. Co., London, in accordance with your cable of 29th instant, and H. S. Wherrett will do so to-day or Wednesday.'

The decision that a strong communication should be sent to the Hobbs Mfg. Co. was taken after consultation with the Convention and we were very glad indeed to receive your cable that both Mr. Wherrett and yourself were in agreement; for our part we entirely agree with the suggestion that Mr. Biggers should be asked to communicate with the Hobbs Mfg. Co. accordingly.

In a private letter you addressed to the writer on the 12th December you mentioned that the Hobbs Mfg. Co. might be punished by P. B. withdrawing from the Association and so give them a taste of open prices, and we included words in our cable of the 29th ultimo that we should have no objection to this threat being made if you think it desirable.

We shall be very interested indeed to have some further news from you and to know whether Mr. Biggers agreed to communicate with the Hobbs Mfg. Co. on the lines suggested.'

(Exhibit A-1310)

Pilkington, England, to J. E. Harrison, Toronto, March 1, 1935 :

'We confirm cables exchanged as below; —

Works to Central Office, 19/2/35. —

'Canada we have agreed with Convention increase prices Plate Glass Stock sizes and Cut Sizes all qualities up to 2 ft. 15%; up to 3 ft. 10%; up to 5 ft. 7½%; up to 7 ft. 3½%; over 7 ft. unchanged. Percentages apply on delivered duty paid prices. Increase does not apply Thin Plate Glass. Convention special discount to Hobbs Manufacturing Co., Consolidated Plate Glass, W. E. Phillips Co., J. P. O'Shea increased from 5% to 7%.'

Central Office Works, 20/2/35. —

'Many thanks for your cable 19th instant. As it will be necessary American Manufacturers comply formal Agreement seems pity increase differential Canada.'

Central Office to Works, 25/2/35. —

'Canada, H. S. Wherrett agrees to higher prices. Regret to say P.P.G. Co. not yet decided reduce quality Polished Plate G. G. as there are doubts as to L.O.F. Toledo doing this. H. S. Wherrett would prefer no increase differential, indeed would like see abolished, assures you American Manufacturers arrange to comply quota.'

Works to Central Office 28/2/35. —

'Plate Glass Canada we have agreed following increased prices operate on and after 1st March Glazing for Glazing brackets up to 2 sq. ft. up to brackets 5 to 7 sq. ft. respectively Stock Sizes 20¼ 25 33 37 Cut Sizes 22½ 29¼ 38½ 42¼ cents similar increase for Selected Glazing and Silvering full particulars by mail. Convention will offer further 2% to big four as we do see no other way of helping them secure their share.'

We were very pleased indeed to hear that Mr. Wherrett agreed the proposed higher prices, and we fully appreciate both his and your own objection to any increased differential in the Convention prices.

In order to make the matter quite clear, we would like to remind you of our own arrangements with the Convention. These, as you know, have been in operation since the 1st June 1929, and the quantity each party is allowed to sell on the export markets is based on the position acquired by each party during the base period, i.e., 1st January 1925 to 31st December 1928.

Since the latter part of 1930 we have shown an increasing excess month by month over our quota, but until definite arrangements were made with the American Manufacturers we

had to take up the attitude that we could not place obstacles in the way of customers who wished to buy our glass, otherwise they might go over to the American Manufacturers.

With the definite arrangements we have now made with the American Manufacturers, the position is altered and we are now definitely under an obligation to take drastic steps to rectify our position in accordance with the quota arrangement as between the Convention and ourselves.

Unfortunately, Canada is the market most seriously concerned with our excess. The following figures show the position very clearly :—

CANADA	P.B. Sales sq. ft.	Convention Sales sq. ft.	U.S.A. Exports. sq. ft.
Basis Period	632,345 33.05%	1,100,951 57.53%	180,252 9.42%
1st June 1929 to 31st December, 1934	476,160 36.18%	356,230 27.06%	483,811 36.76%
Year 1934	88,186 51.59%	16,596 9.71%	66,145 38.70%

The U.S.A. figures are excluding Thin Plate in each period.

You will clearly see from the above statistics, and having regard to the fact that it has now been agreed to divide the Canadian market one-third to each Group, that it is not a case of the American Manufacturers having to give up much in the Canadian market, but it is for us to arrange for some of the business we are now getting to be transferred to the Convention. As you know, we have on many occasions asked you to endeavour to influence business to the Convention, but it is quite obvious that at equal prices, or even at the differential which has existed recently between our prices and the Convention, you have not been successful in your efforts. It seems to us after very careful consideration that the only way we can carry out our obligation to the Convention is to allow them to offer an increased differential in price, and although we know your point of view quite well about such an arrangement, we had no alternative but to agree that they should offer a further discount to the four big buyers.

If we could rectify our position with the Convention by giving up some markets outside the British Colonies we would willingly do so, but we have already gone as far as we possibly can in this direction. At the present time the bulk of our Plate Glass orders are reaching us from the British Colonies, i.e., Canada, Australia, South Africa and New Zealand. We are taking drastic steps in South Africa, and we shall have to do something similar in Australia as soon as we are satisfied the P.P.G. Co. are making a genuine attempt to restrict their sales in this market.

Our agreement with the Convention has been a very valuable one, not only from the Manufacturers' point of view, but also for buyers throughout the world by the stabilization of prices. Should there be a break in these arrangements there would be immediate chaos and the collapse of prices, and we feel sure that you can diplomatically make use of this argument in your efforts to persuade more of the buyers in Canada to place some portion of their orders with the Convention.

We gathered from your cable of the 24th instant that although Mr. Wherrett said he would prefer no increase in the preferential discounts allowed by the Convention, he did not entirely disagree with the arrangement suggested in our cable of the 19th February. We shall be glad if you will take the earliest opportunity of explaining briefly our position to Mr. Wherrett, and we hope that he will understand circumstances were such that we really could not object to the Convention offering inducements in price to enable them to get their share of the market.

At our meeting with Mr. de Longueville on the 15th February, the latter stated that Canada seemed to be the most difficult market of all for the Convention to regain their position, and although he appreciated that it would be very embarrassing for Pilkington's to sell Continental Glass from their Depots, he wondered whether we would be prepared to supervise the storage and sale of Convention Glass if the Convention could arrange for a stock of their glass to be carried in premises adjacent to our Depots. Or failing this, would we agree to the Convention supplying a few of the most important buyers with glass on consignment.

We should be very glad if you would consider this proposal and let us have your comments."

(Exhibit A-1317)

Pilkington, England, to J. E. Harrison, Toronto, April 16, 1935 :

"PLATE SITUATION — CANADA

We are in receipt of your letter of the 20th March, and are very concerned indeed to hear of the present unsatisfactory state of affairs.

We gather from your letter that there is no doubt that both the C.P.G. Co. and the H.M. Co. have imported some glass from the Kane Factory, and it seems to us that unless we can get a definite assurance from these two concerns that they will not import this glass, we shall have to penalise them in some way.

We shall be glad if you will consider the whole matter very carefully and let us have your recommendation, as it is quite obvious we cannot sit still and allow merchants in Canada to get Plate Glass from an outside manufacturer and at the same time continue the preferential bonuses which these firms enjoy in connection with their supplies from recognized sources.

As regards the statement made by Mr. Morris that the L.O.F. are not adhering to the Convention prices in their sales to the Hobbs Manufacturing Co., we have carefully considered your proposal that we should ask Mr. Poncelet to communicate with the L.O.F., Toledo, but as we understand from your cable of the 14th instant that Mr. Biggers has positively assured Mr. Wherrett that the Convention prices are being strictly adhered to, we think it would be unwise for representations to be made through Mr. Poncelet."

(Exhibit A-1323)

Pilkington, Canada, to Pilkington, England, May 22, 1935 :

"I duly received your letter of the 1st March, and am much obliged for your review of the Plate situation. My letter of March 20th dealt in part with some of the points to which you referred, and I now wish to make further reply as follows :

At the outset, I would like to assure you that I have appreciated to the fullest extent the absolute necessity of working in such a manner as will cause one-third of the Plate business of the Dominion to be placed with the Continental Manufacturers; also I realize that notwithstanding our efforts to convince the principal jobbers, individually and collectively, that it is in their interests to place a substantial share of their orders with the Continentals, the latter have not yet obtained anything like their quota. The Jobbers, however, have acted on our advice to a substantial extent, and have given orders to the Continentals, which they would have much preferred to place with ourselves or the A.M. but unfortunately, the large orders for small Glass which we have had to accept from the Motor Trade have rather neutralized the Continental benefits therefrom, in addition to which the A.M. have shipped in excess of their quota.

The foregoing situation we are confident will be gradually rectified, in part, by curtailment of sales by the A.M., and we also sincerely hope that we can persuade Phillips to draw more of his requirements of small sizes from the Continentals.

It should not be overlooked that the Union and St. Gobain declined large orders for small Glass from Phillips a few months ago — we appreciate the reason, of course — thereby forcing you to accept those orders.

Notwithstanding this treatment, Phillips has since placed orders — 34 cases of Small and a few of Large Sizes — which the Union accepted. This Glass was received early this month, and Phillips was greatly annoyed at the manner in which the order was executed; the variation in thickness being from $\frac{1}{8}$ " full to $\frac{3}{8}$ ", resulting in 26% of the total shipment being rejected from this cause. In addition, there is a substantial percentage rejected for scratches. Phillips told us that in one day 904 Lights were examined, 518 of which were scratched. Flanged cutting was common, also the consignment comprised Plate of many colours.

Phillips arranged for Baylis to visit Oshawa to examine the Glass, and he in turn reported by cable to his Principals.

We reluctantly repeat that the Continental quality was partly the cause of their loss of business, and we sincerely hope that they will be careful in this direction, especially in view of the fact that Mr. Tompkins authorized the writer to inform the Jobbers that their quality had been improved, and therefore he did not think there would be cause for complaint in the future.

A.M. — We are keeping in close touch with and have furnished statistics to Mr. Wherrett and Vance, and have received their repeated assurances that arrangements will be made to regulate shipments to comply with the Agreement, indeed, we have indirect evidence through the Jobbers that orders have been declined, and that efforts are being made to divert business from the A.M., therefore, we hope that we shall soon see a decline in A.M. imports, and a corresponding increase in Continental.

Mr. Vance phoned yesterday to advise that he was meeting Mr. Husted this week for the purpose of arranging to reduce sales to Canada. The writer will also be meeting Mr. Wherrett in New York next week, and will not let this matter rest until we see some definite action being taken with respect to not only Canada, but other Markets.

Enclosed is a note from Vance, in which you will observe that Jobbers in the U.S.A. are endeavouring to buy Glass for shipment to Canada, and are being turned down by P.P.G.

A few days ago at a meeting of the Big Four, we again urged them to place orders with the Continentals. They all admitted a desire for a continuation of stabilized prices, and we were informed by Jack Hobbs that he was now drawing practically the whole of his requirements from the Continent. Bill Wood said his firm would be ordering more from the Continent when their large stocks were reduced, and Colonel Phillips told the Meeting he had given the Union large orders, but we regret he also related his recent experience regarding the quality received from the Union.

We have given considerable thought to Mr. Tompkins' suggestions contained in your penultimate paragraph, and would respectfully suggest a little more delay — say, till the end of June — in the hope that a substantial improvement in the Continental imports may be evident, as we think it will. Should this desirable objective not be attained, then we wholeheartedly agree that we should cooperate in devising some means of adjustment.

It might lead to embarrassing questions if we undertook to store and sell Continental Glass, and we fear the supplying of Glass on consignment would establish a bad precedent, which might lead to the ultimate abolition of import business, but of the two schemes we think we would prefer the consignment suggestion, if could be confined to the C.P.G. and H.M. Co. Montreal and Toronto.

Anyway we hope it will not be necessary to consider either plan, but if the position remains unfavourable, we would probably propose purchasing some Continental Glass confidentially through a friendly Jobber for our own stocks."

(Exhibit A-1326)

Pilkington, Canada, to Pittsburgh Plate Glass Company, March 16, 1935 :

"When I had the pleasure of seeing you the other day I inadvertently omitted to acknowledge and make reference to your letter of the 8th inst., regarding the recent price changes in Japan and Canada. Therefore, I would now say in reply to your last paragraph that we have never advised the L.O.F. of any changes, and we propose to continue this policy if it is agreeable to you, leaving you to advise the L.O.F. about such matters."

(Exhibit A-1319)

Pittsburgh Plate Glass Company to Pilkington, October 19, 1935 :

"In letters of October 19 being mailed in Pittsburgh on that day, I have notified our own customers in Canada of that increase in price to be made effective on and after October 21.

I have also notified Libby, Owens, Ford Company in the same manner as per attached copy of letter.

I can also assure you that no advance information of this price change has been given in any way other than by the above mentioned letters which are going out today."

(Exhibit A-1368)

Pittsburgh Plate to C. E. Husted, Vice-President, Libbey, Owens, Ford Company, Toledo, Ohio, October 19, 1935 :

"I have just been advised by Messrs. Pilkington Brothers that their concern, as well as the Convention, will put into effect on October 21 advanced prices on polished plate glass in sizes up to 5 square feet.

The new prices are to be as follows :

G.G. or Glazing Quality 13/64" and 1/4" thickness.		
		Stock
		Cut Sizes
Sizes up to 2'	22.25	24.75
" 2' " 3'	27.5	32.25
" 3' " 5'	34.5	40.25

I am told that similar increases will be made on the Select and the Silvering quality but I do not as yet have the exact figures for these as same are coming from England by mail. As soon as possible I will pass this information on to you.

From what I can learn there will be no change made in the present terms and conditions of sale.

We expect to notify our own customers in Canada of this change in price on small glass on October 21, that being the date when these new prices are to become effective."

(Exhibit A-1369)

Convention Internationale des Glaceries, Brussels, to Coudert Brothers, New York City, December 16, 1935 (Translation of letter made by Pilkington, England) :

"...In consequence of a cable which Pilkingtons received on the 4th instant from their Representative, Mr. Harrison, as per copy attached, the E.M. figures for the months of October and November have just been handed over to the A.M. so that the latter at present possess complete figures for the first eleven months of the year 1935.

Of course this correction can be proceeded with in the table indicating the relative position of the two parties at the end of January. You will, however, certainly have understood that the E.M. do not insist on mention being made of this correction in the new agreement, seeing that the A.M. desire to eliminate from it any mention referring to that of the 2nd May 1934..."

(Exhibit A-267)

Unsigned copy, Convention Internationale to Coudert Brothers, New York City, January 22, 1936 :

"With your letter of December 10th, 1935, you sent us a proposed agreement, in the form of a letter to be addressed by the Societe de Courcelles to the Convention.

This letter is to take the place of article 8 of the agreement of May 2nd, 1934, between the A.M. and the E.M. which applied especially to the Societe de Courcelles, and will serve as an agreement between the latter and the E.M. under the same conditions as before.

The said proposed agreement having been accepted by the latter and the new agreement between the A.M. and the E.M. being signed, the question regarding the Societe de Courcelles can now be settled.

Will you kindly get in touch with Pittsburgh in order to know where the originals of the documents have to be established and who will sign for the Societe de Courcelles."

(Exhibit A-275)

Pilkington, Canada, Montreal to Pilkington, Canada, Toronto, Feb. 26, 1936 :

"As I told you on your last visit, La Cie. Wisintainer & Fils, Inc. have requested me for price on plate glass to Import, including Factory Run and Mr. Louis Wisintainer had made it very plain that unless we wished to quote him for Factory Run — not to quote at all and you seemed satisfied that we did not need to press for this business.

On Monday last, L. Wisintainer called me, asking for these prices. I gave him to understand that I had at present, no prices available on Factory Run. This disturbed this gentleman very much and he threatened me with writing to Ottawa..."

(Exhibit A-1072)

Pilkington, Canada, Toronto, to Pilkington, Canada, Montreal, Feb. 27, 1936 :

"We thank you for yours of yesterday, and note the development in this matter since we had the pleasure of discussing it with you a few days ago. Wisintainer, as you know, has always been a very difficult man to deal with even since the War days, and we are not surprised to hear of his threat to write to Ottawa. You certainly took the right course in conferring with Mr. H. E. Harrison, and the decision arrived at to quote for Factory Run at a little lower than G.G. prices in conjunction with Baylis is quite in agreement with our wishes. We do not suppose he will buy more than two or three cases if he buys at all.

Generally speaking, it is a good policy to decline to quote until a specification is submitted, but if it should appear that a buyer really intends to write to Ottawa, then it is better to make some kind of a quotation. Fortunately, however, circumstances of this kind arise only occasionally."

(Exhibit A-1071)

Convention Internationale des Glaceries, Brussels, to Coudert Brothers, New York City, March 26, 1936 :

"We thank you for your letter of the 5th instant, together with copy of the letter and enclosures which you have received from Mr. Brown.

We suggest that a reply on the following lines might be sent to the American Manufacturers :

1. The full list of the names and country of the members of the Convention, together with Pilkington's, herewith.

The production of Plate Glass by Manufacturers outside the Agreement is not known, but the greater part of the world's production of Plate Glass is under the control of the parties to the Agreement.

2. The Agreement between the members of the Convention Internationale des Glaceries and also the Agreement between the Convention Internationale des Glaceries and Pilkington Bros. Ltd. are Agreements under which the sales of the respective parties are regulated in the various markets of the world.

3. The Agreement between the Plate Glass Export Corporation and the European Manufacturers reads: 'The markets of the world, exclusive of the U.S.A., shall be divided and shared', but in actual practice this means that the sales of the parties to the Agreement

shall be regulated. There is no monopoly, as it is still possible for any manufacturer in the U.S.A. and also any manufacturer in any other part of the world, who is not a party to the Agreement, to sell to any country and at any price.

4. We understand that Mr. Brown proposes to reply to the Commission [U.S. Federal Trade Commission] to the effect that the foreign parties to the Agreement determine selling prices, which vary in different markets according to conditions of competition, etc. and the Plate Glass Export Corporation (whose sales form such a small part of the total consumption of these markets) has agreed to observe the prices fixed by the foreign parties.

5. Mr. Brown has already informed the Commission that a supplementary agreement deleting the insular possessions of the U.S.A. from the Agreement will be made.

(Exhibit A-215)

List of Members of E.M. :

LIST OF MEMBERS OF E.M.

1. — Societe Anonyme des Manufactures des Glaces et Produits Chimiques de Saint Gobain, Chauny et Cirey	Paris France Sas-de-Gand Netherland Altwasser Germany Porz-Urbach Germany Brussels Belgium Auvelais Belgium
2. — Nouvelle Societe des Glaceries Neerlandaises	
3. — Schlesische Spiegelglas Manufactur Carl Tielsch	
4. — Societe Anonyme Glaceries de Saint Roch	
5. — Societe Anonyme GLACES & VERRES "Glaver"	
6. — Societe Anonyme Glaceries de la Sambre	
7. — Compagnies Reunies des Glaces et Verres Speciaux du Nord de la France	Bousois France Gelsenkirchen Germany
8. — Societe Anonyme Glas-u. Spiegelmanufaktur	
9. — Societe Anonyme des Verreries et Manufacture de Glaces D'Aniche	Aniche France Herzogenrath Germany Ratingen Germany Mannheim- Waldh Germany Freden-Leine Germany Paris France Teplitz-Schonau Czecho-Slovakia Saint Helens England.
10. — Herzogenrather Glaswerke Bichroux et Cie	
11. — Societe Anonyme Rheinische Spiegelglasfabrik	
12. — Spiegelmanufaktur Waldhof A.-G.	
13. — Deutsche Opakglaswerke A.-G.	
14. — Societe Anonyme Manufacture des Glaces de Maubeuge	
15. — MIRROLYT (Weinmann-Werke)	
16. — PILKINGTON BROTHERS LIMITED	

(Exhibit A-216)

Plate Glass Export Corporation to J. E. Harrison, Toronto, May 11, 1936 :

"I acknowledge the receipt of your letter of May 9, giving a list of the new prices on G.G. quality stock sizes and cut sizes for Canada, with carload freight, duty and excise tax to be paid by the manufacturer. I note that these new prices carry an advance on sizes up to and including 7 square feet, but in sizes over 7 square feet there is a rather considerable reduction. But on the whole, I think the price change is warranted. It only bears out the contention I have had for a long time past that business in the small sizes left no profit for the U.S. or Continental manufacturers by the time they assumed the duty, excise tax, the rail freight and finally granted the bonus percentages in Canada.

Consequently, I am glad to see this price change occur because of the better prices on mirror sizes.

I gave these new prices by telephone to Mr. Husted this morning and I am confirming same by mail in giving him a copy of the second page of your letter, down to and including the words 'Please advise A.M.' I did not think it essential to give Mr. Husted the contents of the two last paragraphs on this sheet.

I presume that in due course of time you will give us the revised prices for the other qualities, although that is scarcely essential as practically all business in Canada is in G.G. quality. I was rather surprised to note that for orders on hand and in the mail customer would be given the benefit of all reductions and that the increases on such orders would be ignored. I just hope, however, that none of the dealers will attempt to take advantage of this clause by trying to stock up on their requirements for small sizes. I hardly think they will with no advance notice being given as to this price change."

(Exhibit A-1389)

Pilkington, England, to J. E. Harrison, Toronto, May 11, 1936 :

"Since our decision to withdraw Factory Run quality from the Canadian market, we have had under consideration with the Convention the question of the revision of the whole of the Plate Glass Tariff, as it was realised that the G.G. prices for the larger areas did not compare very favourably with the U.S.A. prices, and we have therefore agreed with the Convention to increase the prices up to 7 square feet inclusive, and to reduce the prices over that area. We cabled you accordingly on the 8th instant, as follows :

'Plate Glass. We have agreed with International Plate Glass Convention revised prices as follows :

G.G. Stock Sizes — brackets 2 ft. to 120 ft. 25¼, 30½, 36½, 38, 39¼, 41, 44, 47 50, 54, 60 cents respectively.

G.G. Cut Sizes, brackets 2 ft. to 25 ft. 27¾, 35¼, 42¼, 44¼, 45¾, 48 1/4, 51 respectively.

Full details other sizes and qualities by mail. New prices will apply all orders confirmed by customers on or after May 11th. Orders on hand and in mail will be given benefit all reductions and ignoring increases. Convention will wire their agents May 11th and no intimation of new prices must be given to customers before this date. Please advise American Manufacturers.'

In this connection we do not think we can do better than give you a translation of the Belgian Union letter to us dated 7th instant, as well as a translation of their letter to the Convention of the same date. These communications give full details of the application of the new prices as agreed upon with the Convention. We also inclose three copies of the new price lists referred to therein.

We hope the revised figures will prevent imports into Canada by jobbers."

(Exhibit A-1390)

Pilkington, Canada, to Pilkington, England, February 16, 1937 :

"Although it has been very difficult to divert more of the general import business in Plate to Continental Manufacturers, we have nevertheless been instrumental in diverting orders for many thousands of feet of Plate from the larger jobbers. The official figures of importations, with the 1/8" Plate for laminating deducted, now show that the Continental Works are receiving approximately 39 per cent of the total demand, a fact which we feel sure our European friends will appreciate, especially as there is a definite preference on the part of the jobbers for U.S. manufacture, even at higher prices, owing to its undoubtedly superior quality."

(Exhibit 25, Vol. 17)

Pilkington, England, to J. E. Harrison, Toronto, October 13, 1937 :

"We confirm the following cables exchanged between us :—

Your Cable 6/10/37 :—

'At interview Oct. 1st H. S. Wherrett mentioned American Manufacturers dropping further into arrears on quota and it is unlikely Australian prohibition will be lifted, also no prospect selling Argentina. American Manufacturers wish increase sale Canada, but unable on account of improvement Continental quality which precludes obtaining premium, therefore H. S. Wherrett would be obliged if you can obtain Convention approval American Manufacturers adopting Belgian prices. I, of course, appreciate necessity of P.B. (Canada) Ltd. continuing under present arrangement. H. S. Wherrett thinks American Manufacturers should be allowed increase sale New Zealand, as present arrangement confined sales Smith only giving American Manufacturers about 10% of market. In our opinion American Manufacturers will shortly renew request permission sell other markets to be indicated by European Manufacturers.'

Our Cable 12/10/37 :—

'Referring to your cable of 6th instant we presume question of American quota was discussed with Col. R. M. Weeks and we would prefer not to mention Mr. H. S. Wherrett's proposals to International Plate Glass Convention until we have opportunity discussing with Col. R. M. Weeks.'

(Exhibit A-318)

Pilkington, England, to J. E. Harrison, Toronto, October 29, 1937 :

"With reference to your cable of the 6th inst. concerning your conversation with Mr. Wherrett about the AM. arrears, we have discussed this with Col. Weeks and we cannot help feeling that it is rather a delicate matter to put to the Convention, particularly as Mr. Wherrett did not mention this point to the Continental Manufacturers when he was in Europe.

We feel that the best way will be to bring the matter up at our next meeting with Mr. de Longueville, which will be some time next month, but in the meantime we should like to have your comments about Mr. Wherrett's Canadian proposal.

It seems to us that should it come to the ears of the Canadian Government that we, under an arrangement, allow both the Belgian and American Manufacturers to undersell us in Canada, we should not be looked upon with very friendly eyes. Also, the Continental Manufacturers would have a lot to say if we suggested to them that the American Manufacturers should supply at the same prices as the Convention.

We do not think that the American Manufacturers have supplied many customers in Canada and we are wondering whether it would be possible to name these customers and for the Americans to be allowed to sell at the Belgian prices to these particular buyers, and that for any buyer outside this list there would be no alteration in the prices.

As regards New Zealand, we have always regarded this as a pre-eminently British Market, and quite frankly, we should not view lightly an arrangement which would facilitate the sale of American Glass to buyers in that market.

We fully appreciate the AM. point of view that they have a quota in the Group Markets and that with the Australian prohibition they cannot sell their footage, but whether they should make up these sales in the British Empire only, is another point altogether.

We do not wish you to discuss the matter further with Mr. Wherrett unless he again raises it with you, but we should appreciate it if you could write and let us know whether you feel that if we could take some step which would slightly ease the situation, Mr. Wherrett would be satisfied; or whether you think he is likely to press that the EM. should facilitate the sale of the AM. footage quota in full."

(Exhibit A-317)

Pilkington, England, to J. E. Harrison, Toronto, October 8, 1937 :

"At the meeting in Paris with Mr. H. S. Wherrett on the 6th September 1937, you will remember that it was agreed to amend Clause 10 relating to the duration of the A.M.-E.M. Agreement. We enclose a copy of the amended Clause 10 for your information."

(Exhibit A-323)

"With reference to the Declaration of Policy dated Dec. 31, 1935, it is agreed between the parties that Clause 10 shall be amended to read as follows :

10 DURATION. — This Declaration of Policy is intended to remain in force until Dec. 31, 1938, and thereafter unless terminated by three previous months' notice expiring on that date or on Dec. 31 in any subsequent year : *Provided* that if the Convention between the members of the Convention Internationale des Glaceries or the Agreement between the Convention Internationale des Glaceries and Pilkington Brothers Ltd., is terminated under the restricted powers of termination contained therein, the present Agreement, between the A.M. and E.M. may thereupon be terminated by any party.

In witness whereof, the said parties have hereunto set their hands and seals this 4th day of Oct. 1937.

For the PLATE GLASS EXPORT CORPORATION
H. S. W.
For CONVENTION INTERNATIONALE DES
GLACERIES

(Seal)

(Sgd) Lucien Delloye.
For PILKINGTON BROTHERS LTD.
(Sgd) Cozens-Hardy

(Seal)

W. H. Pilkington."

(Exhibit A-324)

Pilkington, England, to J. E. Harrison, Toronto, November 2, 1937 :

"We refer to our letter of the 8th October 1937, with which we sent you a copy of the Rider to the above agreement, which amended Clause 10.

We have now received the enclosed letter from the Convention, which you will see raises the point as to whether this Rider applies automatically to the arrangement with the Courcelles Co.

We shall be glad if you will have a word with Mr. H. S. Wherrett and Mr. Heroy, and perhaps they will give you a letter to the effect that the two agreements run concurrently."

(Exhibit A-321)

Translation by Pilkington of letter from Convention enclosed with Exhibit 321, above, October 30, 1937 :

"ARRANGEMENT WITH THE COURCELLES COMPANY

Following the new declaration of policy signed on the 31st December 1935, between the American Producers and the European Producers, an arrangement has been made with the Courcelles Company which was the object of a letter from Mr. Heroy, dated the 6th February 1936, and forming annex B/2 to the said declaration.

According to the terms of this letter, the arrangement with the Courcelles Company was concluded for the same initial period of two years commencing 1st January 1936, as the abovementioned declaration, and is extended as long as the latter remains in force.

Now, the rider of the 4th October 1937, prolongs the initial duration of this declaration by one year, i.e., from the 31st December 1937, to the 31st December 1938, and subsequently from year to year, unless cancelled by three months' prior notice, expiring on that date, or on the 31st December of each subsequent year.

The arrangement with the Courcelles Company is automatically extended in the same conditions.

Is it necessary to await a new letter from Mr. Heroy, giving his agreement to this extension, or must we, without waiting, advise the Courcelles Company direct of the signature of the rider, and communicate to them accordingly the text thereof.

In order to avoid any misunderstanding, it would undoubtedly be preferable to do nothing before your representative, Mr. Harrison, has been able to discuss the question with Mr. Wherrett.

We should be interested to know what you think of this, and thank you in anticipation of any steps you may consider it advisable to take with your representative in that order of ideas."

(Exhibit A-322)

Société Anonyme des Glaces de Courcelles, New York to Convention Internationale des Glaceries, Belgium, December 29, 1937 :

"Under date of February 6, 1936, we sent you a Memorandum Agreement which was accepted by you under date of March 3, 1936. This agreement expires on December 31, 1937.

We now propose to you that this Memorandum Agreement be extended to December 31, 1938, and subsequently from year to year; provided that, in any event, the undersigned shall have the right to terminate this agreement on December 31, 1938, upon three months' notice to you, or in any subsequent year ending on December thirty-first, upon three months' notice.

Yours truly,

SOCIETE ANONYME des GLACES de COURCELLES

By

J. H. Heroy

"

(Exhibit A-229)

Pilkington, England, to J. E. Harrison, Toronto, November 8, 1938 :

"We confirm the following cables exchanged between us.

Our Cable 28/10/38. —

'Referring to our cable 15th inst. Plate Glass Canadian prices already on low level but as a gesture to help we have agreed with International Plate Glass Convention brackets up to 10 sq. ft. inclusive all qualities revert to prices operating prior to 8th June. Over 10 sq. ft. unchanged. Please communicate American Manufacturers and endeavour get their agreement for new prices operate 3rd November.'

Your Cable 29/10/38. —

'Yours yesterday, hope reply Monday.'

Your Cable 31/10/38. —

'Your cable 28th, presume P.B.Ltd. propose adopt new gross prices equivalent 32 cent base less difference between 7 and 5% to obviate any change in differential. Anyhow, J. E. Harrison afraid proposed reduction will disappoint jobbers.'

Our Cable 31/10/38. —

'Your cable 31st October proposal is to introduce gross tariff operating prior to June 8th up to 10 feet but Convention differential discount only 5% to large buyers 3% others as at present.'

Your Cable 31/10/38. —

'Re telegram today, American Manufacturers considering and will reply probably Tuesday, meantime remark concessions very small. P.P.G.Co., L.O.F. request decision abolition differential, as they desire increase business.'

Your Cable 4/11/38. —

'Referring to your cable 28th October, American Manufacturers think concession too small, also remark reduction will not enable A.M. secure increased share. A.M. renew request for share other markets; we replied we had reported their views fully.'

Our Cable 4/11/38. —

'Referring your cable 4th November, we have conferred Continental Manufacturers and we cannot agree make any further concession Canadian prices and we propose to put in operation 7th November. American Manufacturers sales in group markets is another question and we hope to write you fully shortly.'

Our Cable 7/11/38. —

'Canadian Plate prices referring our cable 4th November please cable reply to enable us put new prices into operation immediately.'

Your Cable 7/11/38. —

'Referring to your cable of 4th inst., referring to your cable of 7th inst. American Manufacturers agree reluctantly and presume effective immediately.'

Our Cable 8/11/38. —

'Canadian Polished Plate new prices as per our cable 28th October in operation as from 8th November.'

The agreement, therefore, is that for all qualities up to 10 square feet we revert to the prices which were in operation prior to the 8th June, 1938. The new prices will be applied to all orders invoiced as from the 8th instant, subject, of course, to the working of the fall clause stipulated in the Conditions of Sale for the Canadian Market."

(Exhibit A-708)

Comptoir Français d'Exportation de Glaces, Paris to Munderloh and Company, Montreal, August 19, 1938 :

"As you are no doubt aware, Japanese polished sheet glass has been imported into British Columbia for several months past, to the detriment of the stability of that market.

After thorough consideration of the whole question, the Sellers have decided to ask for a fidelity undertaking from all the customers in British Columbia who have been enjoying a bonus heretofore, among whom Messrs. The Hobbs Manufacturing Co., Vancouver (Branch of London, Ont.). In exchange for their fidelity undertaking, i.e., their undertaking to confine their purchases of plate glass to the associated Manufacturers, namely :

- Union Commerciale des Glaceries Belges, Brussels
- Comptoir Français d'Exportation de Glaces, (St. Gobain), Paris, acting for their own account and on behalf of the 'Mirrolyt' Company, which concentrates the production of polished plate glass in Czecho-Slovakia
- Deutsche Spiegelglas Ausfuhrsgesellschaft, Aix-la-Chapelle
- Pilkington Brothers Ltd., St. Helens (England)
- S. A. des Glaces de Courcelles, Courcelles, Belgium

all the customers concerned will be offered an increased bonus rate. The Hobbs Manufacturing Co., Vancouver, will be offered a bonus of 10% for all categories (instead of 5% for the categories not exceeding 15 feet super., and 7% for categories exceeding 15 feet super). If this arrangement is agreed to, the Hobbs Manufacturing Co. will be getting 10% premium in Vancouver, but for other centres their premium will remain as indicated hereabove. We have no doubt that they will realise that the Japanese competition in Western Canada

justifies these special steps, which are as much in the interest of the jobbers as of the Manufacturers.

The object of this letter is to request you to arrange with Mr. Frank Baylis to write both on the same date to the Hobbs Manufacturing Co., London, and explain the position to them. For your guidance, we will tell you that Messrs. the Hobbs Manufacturing Co., Vancouver, will be approached by the Union's Agent in Vancouver, jointly with Messrs. Pilkington's representative, and asked to sign the fidelity undertaking in question."

(Exhibit H-132)

Comptoir Français, Paris to Munderloh & Company, September 20, 1938 :

"Referring to our letter of August 9, 1938, the information we have just received from our colleagues of the Belgian Union, who have themselves received the details from Pilkington Brothers, the following companies have signed the fidelity agreement :

- Hobbs Manufacturing Company Limited
- Bagardus Wickens, Limited
- W. Holt and Son
- Wm. N. O'Neil Company Limited
- Western Glass Company Limited
- Mellor Brothers Company Limited
- Melrose Company Limited
- Messerschmidt and Sons"

(Exhibit H-134)

Pilkington, Canada, to Pilkington, England, August 11, 1938 :

"At our conference in Pittsburgh yesterday Mr. Wherrett referred to the substantial deficit of the A.M. and the various difficulties operating against their obtaining anything like their share of the markets covered in the A.M.E.M. Agreement, and requested me to submit this matter to you for consideration by the E.M.

Mr. Wherrett thought the time opportune to suggest that it would be fair that the A.M. be given a share in other markets, for instance, South Africa, and/or any other markets the E.M. may wish to name, in which it would be practicable for the A.M. to make sales. It was pointed out that, according to the Agreement, either party is entitled to sell at a discount for the purpose of rectifying quota deficits, but the A.M. have not taken advantage of this provision largely because to have done so might have resulted in seriously disturbing markets in addition to prices being reduced to an unprofitable level to both the E.M. and A.M.. Mr. Wherrett submits that more favourable results would accrue to all the manufacturers, if the A.M. were given other export outlets, rather than to unduly disturb the price situation in some of the markets in which they are entitled to a quota, and would appreciate consideration of his proposals by the E.M. at their early convenience.

CANADA. Mr. Wherrett was concerned that the A.M. had been unable to make much, if any, progress in obtaining their quota notwithstanding the reduced differential, and asked us to convey his request that the differentials be abolished entirely at the beginning of next month. Even this step can only enable them to recover a part of their deficit in the four remaining months of the year. You will recollect the A.M. early in March agreed to try the reduced differentials but the E.M. delayed putting them into effect for nearly three months, at which time the A.M. agreed the reduced differentials to the end of August, stipulating, however, they would expect the E.M. to abolish or drastically reduce without delay the differentials in the event of the A.M. not obtaining their quota.

Mr. Wherrett pointed out that there is not the justification now for differentials as formerly, because of the improved quality of Continental glass, which feature is being emphasized both in Australia and Canada by the Agents of the Continental Manufacturers."

(Exhibit A-234)

Pilkington, England, to J. E. Harrison, Toronto, August 18, 1938 :

"We confirm cables exchanged as under : —

From Toronto 11/8/1938. —

Canada, American Manufacturers notwithstanding reduced differential disappointed unable improve their position and unlikely to before end August, therefore H. S. Wherrett wishes remind E.M. he desires differentials abolished about September first and hopes P.B.Ltd. will be able arrange accordingly as convinced this step necessary to enable American Manufacturers recover at least part lost quota by end 1938. H. S. Wherrett raised question regarding American Manufacturers sharing other markets about which J. E. Harrison writing.

To Toronto 13/8/1938. —

Referring to your cable 11th instant we appreciate American Manufacturers point of view but owing holidays it will be impossible arrange meeting with all interested parties until towards end September. We hope Mr. H. S. Wherrett will not press matter meantime. We are writing you fully.

We can quite understand that Mr. Wherrett is getting a little impatient about this matter, but unfortunately, owing to the holidays it will be impossible to arrange a meeting with all the interested parties before the end of September. In the meantime, however, we should like you to examine the enclosed statement. The AM-E.M. Agreement basis period was 1929/1933 and during these years the U.S.A. official export figure was almost identical with the A.M. sales as disclosed by the American Manufacturers, and we can only conclude that during this period exports by U.S.A. jobbers were practically non-existent.

During the period of the Agreement, i.e., from 1/5/1934 to 30/6/1938, so far as the markets covered by the Agreement are concerned, excluding Japan, you will observe that the jobbers' shipments represented 16.33% of the official exports.

So far as the markets outside the Agreement are concerned, during the period of the Agreement the U.S.A. jobbers shipped practically $2\frac{1}{4}$ million feet.

Looking at the picture as a whole, whereas in the basis period jobbers' shipments were non-existent, during the Agreement period they have shipped practically 4 million feet, which represents 33.62% of the total U.S.A. exports.

The position under the AM-EM. Agreement as at 30/6/1938 is that in the grouped markets the A.M. have a deficit of 848,215 square feet, and in Japan the A.M. have an excess of 759,486 square feet.

We have made an interesting calculation which shows that if in the grouped markets the position was calculated on the U.S.A. official exports (8,894,083 square feet) instead of A.M. sales (7,441,842 square feet) the A.M. deficit of 848,215 square feet as shown above would be turned into an A.M. excess of 303,702 square feet — quite apart from the A.M. excess in Japan.

We think that the E.M. have a definite case to represent to the A.M. on this picture and we should like to know whether you think the present an opportune time to present it to Mr. Wherrett."

(Exhibit A-236)

A. M. Vance, Plate Glass Export Corporation to J. E. Harrison, Pilkington, Canada, January 30, 1939 :

"It will probably be of interest to you to know that our Courcelles factory have had an inquiry for prices on plate glass from Alexis Nihon, 72, rue Jonrue, Liège. But as the letterhead would indicate that this is the same firm as Alexis Nihon in Montreal, and as their inquiry further stated that the prices they desired were for shipment to Canada, this is to advise you that our Courcelles factory did not quote prices. It was their intention, however, to try and draw out a little more information or perhaps a specification from the Belgian office."

(Exhibit A-667)

Pilkington, Canada, to A. M. Vance, Pittsburgh Plate Glass Company, February 4, 1939 :

"Many thanks for your letter of January 30th. I much appreciate your advising us of Alexis Nihon's enquiry to your Courcelles factory. We are also obliged for the manner in which you are handling the enquiry and it would be interesting if you were able to draw out some more information from him.

Nihon has been on the Continent now for several months and we know he is endeavouring to buy Sheet Glass, but we do not think he has met with any success, as his previous source, PIGES, is out of operation, although we understand this is only temporary."

(Exhibit A-666)

Pilkington, England, to J. E. Harrison, Toronto, February 17, 1939 :

"We acknowledge receipt of your cable of the 15th instant, as follows :—

"Thanks for your cable of 7th inst. If we inform J. W. Hobbs (C.P.G.Co.) cannot reduce think they would appeal Canadian Government which will probably instruct Tariff Board investigate and although Trade Agreement 1937 may prevent increased drawback, due to the fact that U.S.A. Mirrors can be imported at less than can be produced locally from European or American glass, Tariff Board may devise means relieve situation for jobbers.

Higher duty on mirrors would be protested against by furniture manufacturers, investigation would reveal British prices higher than Continental, despite British Preference, for

reason scarcely convincing to last Tariff Board enquiry, also that U.S.A. home prices lower than Canadian from U.S.A. or Europe.

Respectfully suggest politic reduce the price of polished plate even temporarily and maintain jobbers' goodwill rather than risk public enquiry which might result in Governmental dissatisfaction with Associated Manufacturers' control of prices irrespective Tariff and drawback.'

We have replied to-day as follows :—

'Thanks for your cable 15th inst. mirror trade we are unable reconcile complaint of Canadian Bevellers and Silverers with actual facts we are writing fully.'

We must repeat that we cannot visualise a reduction in Canadian Plate Glass prices. We must pay regard to the world position, and Canadian prices in this light are about level.

Having regard to the price of Plate Glass in the U.S.A. and the fact that labour and materials in that country are not likely to be less than in Canada, we cannot reconcile the statement made in your cable of the 15th instant that 'U.S.A. Mirrors can be imported at less than mirrors can be produced locally from European or American Glass.'

We have made some calculations showing :

1. Cost of U.S.A. Glass in U.S.A.
2. Silvering at 9 cents per foot.
3. Bevelling at 6 cents per lineal foot.
4. Duty 30%.
5. Excise 3%.
6. Railway freight, Pittsburgh to Toronto,

also an alternative calculation based on P.P.G.'s special offer of surplus stock plates for consumption in U.S.A. only.

These prices have been compared with :

1. Cost of P.B. or Convention Glass.
2. Silvering on the same basis as for U.S.A. Mirrors.
3. Bevelling on the same basis as for U.S.A. Mirrors.
4. Less 50% duty drawback.

Unless you can prove these calculations are wrong, the figures seem to us to defeat the argument that U.S.A. Mirrors can be imported at less than Mirrors can be produced in Canada from European Glass.

We would like you please to check our calculations, and you will observe that no profit has been added on to the American prices for resale, which would, of course, correspondingly increase the amount of duty to be paid on the imported Mirror. Moreover the freight on the U.S.A. product would be higher than we have estimated, as the plates would first of all need to be delivered from the glass manufacturers to the jobber and then from the jobber to Toronto.'

(Exhibit A-704)

Pilkington, England, to J. E. Harrison, Toronto, March, 28, 1939 :

"Referring to your letter of the 21st February, regarding sales of Plate Glass to firms termed as 'outsiders', we have no record of the Manufacturers agreeing to restrict the sale of Plate Glass to certain firms, and there has been nothing in the correspondence with the Continental Manufacturers to suggest that they are in any way bound by such an arrangement. In the circumstances there does not seem to be any necessity for the Manufacturers to announce a decision to sell to outsiders.

If the arrangement were jointly made by the Manufacturers' Representatives with certain importers, it seems to have been agreed without consultation with the Manufacturers, and we suggest the remedy is for the Agents jointly to point out to the jobbers the necessity for a cancellation of the arrangement.

However, as you know, we are at the moment negotiating a new agreement with the Convention; there is still much to be done before we see eye to eye, and pending a settlement it is desirable that we should not be held responsible for antagonising the buyers in any market. Perhaps, under the circumstances, you would prefer to withhold any action until the Manufacturers' negotiations are finalised."

(Exhibit A-670)

R.B.T. [Tucker, Pittsburgh Plate Glass Company] to J. E. Harrison, Toronto, April 22, 1939 :

"The present is to acknowledge your letter of April 18th, in which you quote a letter received by St. Helens from the Convention, relative to the exportation of Franklin Plate Glass. For obvious reasons I cannot concur in the opinion expressed by the Convention, because it is too well known that the sales representatives of the Franklin Glass Corporation

have exerted little or no police power to enforce the inhibition against the exportation of its manufactured products by its distributors. Perhaps, due to the fact that they have only the single product to offer, they are unable to put the 'teeth' in their policing effort that a matter of this nature requires. Of course you appreciate that I am not trying to be over-critical of the Franklin Company, but simply attempting to point out the weakness in the reasoning of our friends in the Convention.

Also, in answer to the statements made in the last paragraph of their letter, I have before me a copy of the Libbey-Owens-Ford Glass Company's price list of December 9, 1938, which contains the following clause :

"This quotation is for shipment within the United States only, and for resale within the United States and its territories."

It seems to me that the LOF statement says precisely the same thing as we do, except in a little different language."

(Exhibit A-343)

C. F. Wood, Hobbs Glass Limited, London, Ont., to F. A. Fitchett, c/o Munderloh & Company, Montreal, May 4, 1939 :

"You no doubt get reports of importations of Plate Glass and other glass into Canada each month, as we do and no doubt your Principals are not asleep and also notice that there are increasing quantities of Plate Glass coming into Canada from strange sources. This of course is caused by the fact that there are lower priced markets than Canada, making it possible for us to import glass much below the market. Although the figures aren't yet published, the quantities will be steadily increasing in future months unless something is done about it. Even if prices are reduced to those discussed the other day, these importations will still occur because prices are lower. The only way that I can see of cutting out these importations and keeping the glass in the syndicate, is for us alone to get a special low price.

I did not discuss this matter in front of Vaurie [Belgian representative in New York] the other day because I did not want him to know that it was our firm making these importations and I pass the information on to you because it may be of mutual benefit to us for you to know, because I know you will handle the matter discreetly."

(Exhibit B-1082)

Pilkington, England, to J. E. Harrison, Toronto, June 16, 1939 :

"We wish to refer to our letter of December 5th. and to the reply to it communicated by Mr. Wherrett through you, of March 14th. We regret that there has been so much delay in dealing with the matter finally, but it was found necessary to conclude negotiations for an Agreement between P.B. and C.I.G. before making fresh proposals as regards the A.M.-E.M. Agreement.

Since our letter of December 5th. we have noted that the position of the A.M. has very much improved and that during the first four months of 1939 the A.M. were actually in excess by 99,781 sq. ft. We understand, however, that in spite of this excess, the A.M. attach great importance to the removal of the differential discounts in Australia and Canada and that they undertake that in the event of such removal they will strictly respect their obligation not to exceed their quota; in view of the recent increased sales by the A.M., the E.M. do not feel able to abolish the differential on glass under 25 feet in Australia, but are prepared to abolish all differentials in Canada.

The E.M. continue to attach very great importance to the question of jobber shipments and regret that they still continue to be a source of disturbance on many markets. The E.M. do not feel able to agree that all consideration of this matter should be deferred but are willing to amend the proposal contained in their letter of December 5th. and hope that in its new form the A.M. will be able to give the required assurance. In return, the E.M. — as stated above — are prepared to abolish all differentials in Canada, and as a further gesture, to agree that the excesses and arrears of the Grouped Markets and Japan should be cancelled from the 31st May, 1939, instead of from the 31st December, 1938.

With a view to finding a satisfactory final solution the E.M. make the following proposals :—

- (1) All excesses and arrears in the Grouped Markets and Japan as at 31st May, 1939, to be cancelled.
- (2) As from 1st June, 1939, Japan to be included as part of the Grouped Markets.
- (3) Mexico, Cuba, and the Philippines : these markets to be considered as one Group within the Grouped Markets and the sales to be regulated on the following basis :— one-third to E.M.; two-thirds to A.M. The calculation of the quotas to start as from June 1st. 1939.

- (4) The differentials at present allowed by the C.I.G. in Canada to be cancelled immediately. On the 1st October the differential in Australia to be reviewed if the A.M. are unable to sell their quota in the Grouped Markets.
- (5) Should the A.M. sales not be restricted to the correct quota, the differential to be resumed without delay for Canada, and new differentials might be put into operation in certain other markets.
- (6) The A.M. to give the E.M. an assurance that they will take energetic steps to prevent the American jobbers from exporting to any market and not to raise objections to any measures proposed by the E.M. in the Grouped Markets, in order to prevent such exports. Should such shipments nevertheless continue, the A.M. will confer with the E.M. as to the necessary steps to be taken — both to reduce such exports, and to include them in their statistics.

In the event of the A.M. agreeing to accept the above proposals, the E.M. will make immediate arrangements for the removal of the differentials in Canada.

We are sending this letter in duplicate and would like you to hand one copy to Mr. Wherrett and to let us have his reply as early as possible."

(Exhibit A-247)

Pilkington, Canada, to Pilkington, England, July 10, 1939 :

"We wish to acknowledge with thanks your letter of 16th June, and as suggested I handed a copy of it to Mr. Wherrett. After a few days' interval I visited Pittsburgh on the 17th June and had a lengthy conference attended by Mr. Wherrett, Mr. Vance and myself, the result of which we condensed into a cablegram which we now confirm :—

Sent 7/7/39. —

'Referring to Colonel Weeks' letter June 16th. Lengthy conference yesterday Mr. Wherrett Mr. Vance, when they finally consented proposals 1, 2, 3, 4. Proposal 5 A.M. agree in principle but differentials to be subject to conference and mutual agreement before being effective. Proposal 6 A.M. will continue take forceful and legal steps to prevent jobbers exporting all markets but A.M. cannot agree not to object to any measures proposed by E.M., indeed, they wish to be consulted, when they would seriously consider any E.M. proposals and endeavour reach mutually satisfactory agreement before adoption definite steps. CANADA. A.M. wish differentials removed by abolition Continental Manufacturers differential discount instead of reducing A.M. prices. Please cable when effective.'

We thank you for your cablegram of today reading as follows :—

'Referring to your cablegram 7th instant. Please thank Mr. Wherrett. Proposals 5 and 6, we are communicating Convention. CANADA. It is the intention of Convention to abolish differentials and thus avoid reducing A.M. and P.B. Ltd. prices.'

and I have communicated with Mr. Wherrett accordingly."

(Exhibit A-248)

Union Commerciale des Glaceries Belges to Pilkington, England. (Translation by Pilkington) July 20, 1939 :

"We beg to acknowledge receipt of your letter of the 12th July last.

We have submitted its contents to our Directors and to our Convention colleagues and we have been instructed to reply to you as follows :

We note the agreement of the American manufacturers to clauses 1, 2, 3 and 4 contained in your letter of the 16th June last. So far as clause 4 is concerned — cancellation of the differential discounts allowed by C.I.G. to Canada — we are going to do the necessary, but this withdrawal by C.I.G. of the differential discounts will involve an increase in the selling prices to Canada, which, as you know, is not just now desirable in view of the development of the sales of the firm NIHON of the irregular imports originating from U.S.A. The Canadian jobbers, who have on many occasions pressed you and us in order to obtain a reduction in the selling prices in Canada, are certainly going to be very discontented to find that we reply to their request by an increase in their purchase prices instead of a diminution. On the other hand, we are unaware of the date of the step you were expecting to take with "A.M." in order to get the withdrawal of sales at low prices of plates up to 2.8 sq. ft. in U.S.A. We therefore beg to draw your attention to these points, suggesting that the new selling tariff which you are studying at present for Canada sanctions a reduction of the prices and is put into operation immediately. When communicating this new tariff to customers, we would inform them of the withdrawal of the differential discounts. We think that this way of working would have happy results in all respects.

Clause 5. — We are in agreement regarding the new text you propose, it being understood that the A.M. could not give a refusal pure and simple to our proposals or keep negotiations dragging on for months, as was the case previously. A few words could no doubt be added to your text in order to explain our thought.

Clause 6. — We are in agreement with your suggestion that Mr. W. H. PILKINGTON shall discuss the question with Mr. WHERRETT on the next visit to U.S.A.

Here again, we beg to draw your attention to the following point: the exports by the 'jobbers' are injuring the interests of the E.M. by the fact that they unduly increase the sales of the 'A.M.' in the markets in question, but, further, supplies made by the American 'jobbers' in such or such country below the official selling prices cause a very harmful disturbance to the good working of business, particularly when Association of buyers, fidelity arrangements, etc., exist in these countries. Must it not be feared that if the exports of the American 'jobbers' were counted partially as sales of the 'A.M.', these latter would be much less disposed either themselves to take measures to prevent exports by the American 'jobbers', or to leave to the "E.M." the possibility of taking these measures? Like yourselves we have scarcely any confidence in the effect of the measures taken or to be taken by the "A.M.". The diminution of the exports by the U.S.A. 'jobbers' has been due, not so much to these measures, but to the diminutions in the selling prices which we have made in several countries where these exports are rife. The experience made proves that the best way of preventing irregular sales is as perfect a balance as possible of selling prices, taking into account the expenses the 'jobbers' have to bear for their exports and a normal profit."

(Exhibit A-249)

Pilkington, Canada, to Pilkington, England, October 4, 1939 :

"We confirm exchange of cablegrams as follows :—

Received 26/9/39. —

'Understand P.P.G. told Brodie they are receiving new export business Australia other countries.

We are arranging with Convention new C.I.F. prices all markets and we would like assurance A.M. will agree co-operate and confine sales markets according A.M.E.M. Agreement and only accept normal orders.

E.M. can maintain normal supplies all markets.'

Sent 27/9/39. —

'Retel 26th, Brodie enquired whether war conditions encouraging enquiries. Vance casually replied affirmative from Australia and elsewhere.

Brodie probably exaggerating importance conversation.

Vance under Mr. Wherrett's instructions emphasized to Brodie would not supply Plate unless British Continental unavailable.

Mr. Wherrett assures you observing Agreement and policy is accept only normal orders. Mr. Wherrett anxiously awaiting new prices and hopes will include reasonable provision present and probable contingencies.

...

Mr. Wherrett stated their policy is to discourage speculative buying, therefore are only accepting normal orders. Furthermore, he stated it was scarcely necessary to assure you the A.M. will continue to co-operate and also sell only to markets covered by the Agreement.

Mr. Wherrett realized the E.M.'s difficulties arising from unstable exchange rates, ocean freights and war risk insurance, but he hoped it would soon be possible for new prices to be arranged covering these increased expenses. He mentioned Australia and Canada in particular, pointing out the unfavourable exchange seriously reduced their yield.

... We confirm the cablegrams as follows :—

Received Oct. 2. —

'Please inform A.M. European Manufacturers suggest applying following increased prices all new orders received from October 9th — ... Canada 15% to seven feet, 20% over seven feet. Obtain A.M. Agreement of approximate percentage increases and date operation will be cabled later.'

Sent October 3. —

'Yours 2nd. A.M. agree proposals all markets.'

(Exhibit A-353)

Pilkington, Canada, to E. A. Bernard, Montreal, November 15, 1939 :

"With reference to recent correspondence regarding the rumours that Nihon expected delivery of some Plate Glass from the American Manufacturers, we have taken this matter up with our friends in the U.S.A., and for your guidance enclose a copy of Mr. Vance's letter of November 9th, from which you will see that it is not possible for Mr. Nihon to buy direct from the Manufacturers, including Franklin."

(Exhibit A-1014)

Pilkington, Canada, to H. A. Anderton, (Pilkington Branch Manager), Vancouver, November 27, 1939 :

"J. FRASER GLASS WORKS

Replying to your letter of the 18th inst, we would advise you that the American export prices are the same as our own, but owing to the fact that the domestic prices have not increased in line with the export, the old danger is now arising again of U.S.A. jobbers' illegal shipments to Canada. The American Manufacturers try their best to minimise these, but we know from experience that they nevertheless get through.

We agree with you that it is now impossible to stop Fraser from buying Plate Glass, and we, as Manufacturers, must reserve the right to sell him.

You are experiencing the identical situation that has prevailed in the East for some years. The only alternative is to reduce prices, especially if the other Members are not prepared to invite Fraser into the Association."

(Exhibit A-1260)

Pilkington, England, to J. E. Harrison, Toronto, September 21, 1939 :

"In view of the present conditions we think it will be practically impossible to carry on Plate Glass Quota arrangements with the Convention. We do not know how the Convention themselves are arranging matters, but we are hoping to have a meeting with them in the near future.

Although we think it will be impossible to carry on Quotas, it may be possible for us to continue to have agreed prices for the various markets. Our proposal would be to establish new c.i.f. prices and for the Manufacturers to take Marine and War Risk costs to themselves. The idea would be to increase all c.i.f. prices by say 20% to 25%, which would be more than ample to take care of the extra cost of freight and insurance. If these conditions later on became impossible, it would be quite an easy matter to cable to all the markets—all prices withdrawn.

We shall be glad if you will have a word with Mr. Wherrett and ask whether the American Manufacturers would fall in with this idea. We should like you to send us a brief cable saying whether or not he agrees. If he agrees we could establish new prices with the Convention and we would agree a date for their operation and cable the American Manufacturers so that they could act in complete unison with the European Manufacturers. It would, of course, be understood that the American Manufacturers would confine their sales to the markets enumerated in the A.M./E.M. Agreement. In view of the difficulty of shipments from Belgium, we think it would be quite possible to maintain the differentials we have in the various markets."

(Exhibit A-355)

Pilkington, Canada, to Pilkington, England, October 19, 1939 :

"We thank you for your letter of 21st September, received 13th October, and note with interest your remarks on the quota and price arrangements with the Convention. Before receipt of your letter we were glad to have received your several cablegrams which enabled us to confer with Mr. Wherrett and promptly arrange for an adjustment of prices in the various markets in which the American Manufacturers are interested.

Mr. Wherrett, as we have already reported, was pleased to receive your news that the European Manufacturers anticipated no difficulty in continuing to supply the normal demand of all markets, and assured us the A.M. would continue to observe the A.M.E.M. Agreement.

We have not mentioned to Mr. Wherrett your fear that it will be practically impossible to observe quotas as we do not think you intended we should communicate this part of your letter to him.

(Exhibit A-354)

Pilkington, England, to J. E. Harrison, Toronto, November 7, 1939 :

"We refer to our letter of the 16th June and to Mr. W. H. Pilkington's conversation with Mr. H. S. Wherrett during his recent visit, when the following clauses were agreed :

1. All excesses and arrears in the Grouped Markets and Japan as at 31st May, 1939, to be cancelled.
2. As from 1st June, 1939, Japan to be included as part of the Grouped Markets.
3. Mexico, Cuba and the Philippines : these markets to be considered as one Group within the Grouped Markets and the sales to be regulated on the following basis :— one-third to E.M.; two-thirds to A.M. The calculation of the quotas to start as from June 1st, 1939.
4. The differentials at present allowed by the C.I.G. in Canada to be cancelled immediately. On the 1st October the differential in Australia to be reviewed if the A.M. are unable to sell their quota in the Grouped Markets.

5. Should the A.M. sales not be restricted to the correct quota, the differential in Canada to be reviewed immediately and if necessary new differentials applied in certain other markets, subject to conference and mutual agreement before being effective. Both parties undertake to expedite settlement in the event of an adjustment in prices being necessary.
6. The A.M. undertake that in markets where Jobbers' shipments are troublesome they will give sympathetic consideration and quick decisions on E.M. proposals both to reduce such exports and to include them in the statistics.

In view of the international position, the situation has changed and we now submit amended clauses which have been agreed with Mr. de Longueville, and which we think cover all the points :—

1. All excesses and arrears in the Group Markets and Japan as at 31st May, 1939, to be cancelled.
2. As from 1st June, 1939, Japan to be included as part of the Grouped Markets.
3. Mexico, Cuba and the Philippines : these markets to be considered as one Group within the Grouped Markets and the sales to be regulated on the following basis :— one-third to E.M.; two-thirds to A.M. The calculation of the quotas to start as from June 1st, 1939.
4. Should the A.M. sales exceed the A.M. quota, the differentials in price in operation in Canada, Australia and New Zealand on the 1st June, 1939, to be reviewed and if necessary new differentials applied in certain other markets.

Should the A.M. be unable to sell their quota, the differentials would be cancelled or reduced.

In both cases alterations would be subject to conference and mutual agreement before being effective, both parties undertaking to give quick decisions and to expedite settlement in the event of an adjustment being necessary.

5. The A.M. undertake that in markets where Jobbers' shipments are troublesome they will give sympathetic consideration and quick decisions on E.M. proposals both to reduce such exports and to include them in the statistics.

We shall be glad if you will submit these to Mr. H. S. Wherrett for his approval and cable us if he agrees.

(Exhibit A-251)

Pilkington, Canada, to H. S. Wherrett, Pittsburgh Plate Glass, November 30, 1939 :

"In accordance with our conversation in New York yesterday, I have sent the following cablegram to St. Helens :—

'Reference your letter November 7th, Mr. Wherrett agreeable in general your amended clauses, although cannot give definite approval introducing new differentials other markets in event excesses occur in Canada, Australia, New Zealand, but should such situation arise Mr. Wherrett will gladly consider any reasonable proposals.

Courcelles, Mr. Wherrett would appreciate reply our cable November 20th.'

(Exhibit A-252)

Comptoir Français d'Exportation des Glaces, Paris, to Munderloh & Co. Ltd., Montreal, December 11, 1939 :

"Having in view the reorganization of the Canadian Plate Glass market, the Sellers have decided the following arrangement, which should be put in force immediately :

1. The new tariff, which came into operation on the 9th October, is subject to a 5% fidelity discount to be offered immediately to all buyers of Plate Glass. If the fidelity undertaking is signed immediately, the 5% will apply retrospectively to October 9th, i.e., any Plate Glass charged at the new prices which came into operation on October 9th, otherwise the 5% would only apply from the date on which the undertaking is given. This fidelity discount will be allowed half-yearly. A letter as per draft attached should be sent to all Plate buyers in Canada, with the exception of those on the Pacific Coast, as a fidelity arrangement already exists in that territory.
- Contact should be made with the agents of the other manufacturers, i.e., Messrs. Pilkington and the Belgian Union, who have been instructed by their Principals, and it should be decided which agent will send the letter and follow up with customer to get the signature. In some instances a joint visit may be desirable. When all buyers have been asked for the fidelity undertaking, the representatives should jointly compile a list of the firms who have accepted the conditions and advise their respective Principals.
- You will observe that in the draft letter to be sent to all Plate buyers we have omitted from the list of Sellers, for obvious reasons, the German Works, and no reference has been made to Courcelles, which Works is not interested in the sale of Plate Glass in Canada.

2. In addition to the fidelity 5%, the existing bonuses will be continued to the end of this year, but buyers who are at present receiving a bonus should be informed that revision is under consideration.

You will also observe that it is mentioned hereabove that the letter should be sent to all Plate Buyers. This means that all firms who are genuine plate glass merchants, dealers, jobbers should be approached, and the letter therefore is not to be confined only to the firms who are members of the Associations."

(Exhibit H-46)

(See also Appendix IV)

Pilkington, Canada, to Pilkington, England, February 8, 1940 :

"Regarding the enormous shipments of Plate by L.O.F. to Hobbs Glass Ltd. in September and October, we have had many conferences with Messrs. Wherrett, Vance and Husted, but regret we have not been able to obtain a satisfactory explanation.

Mr. Wherrett was very annoyed that L.O.F. should take orders for obviously abnormal quantities, especially as he had assured you on behalf of the P.P.G. and the L.O.F. of their full co-operation to prevent speculative buying and also that the A.M. would charge prices to cover the approximate increase in freight and war insurance which the E.M. were forced to do.

Mr. Wherrett took the matter up with Mr. Biggers, and later Mr. Vance and the writer had a conference with Mr. Husted, in addition to which we have had discussions with Husted at Toronto, but with very disappointing results.

Briefly, the explanations given by Messrs. Biggers and Husted were that all the orders, amounting to nearly 300,000 feet, were placed by Hobbs Glass during the first few days of the war for quick shipment, and although the quantity was heavy it had not occurred to them that it would upset the quota arrangements in view of the A.M. being in deficit for a long period.

It is difficult for us to believe the L.O.F. did not deliberately ignore the A.M.E.M. arrangements, and we think Mr. Wherrett shares this view, but we do not see how we can pursue the matter further.

We have been assured there will be no further breaches of the Agreement by the L.O.F."

(Exhibit A-364)

Pilkington, Canada, to E. A. Bernard, Montreal, April 6, 1940 :

"We are interested to learn from yours of yesterday of Nihon's activity in offering Plate Glass in case lots to Lepage of Rimouski and Gouin of Three Rivers, and in view of the fact that the Associated Manufacturers are determined to combat this competition and also having regard to the fact that the Associated Members are evidently not disposed to place a share of their Plate business with us, we approve of your making sales of Plate Glass in case lots to the two Firms mentioned."

(Exhibit A-944)

Pilkington, Canada, to Pilkington, England, September 16, 1940 :

"With reference to your cable of July 10th advising increase in your prices to all markets by about 5% and which the A.M. agreed to adopt, we were sorry to learn two or three weeks later they had received protests from several of their representatives against the advance, mainly on the grounds that it would result in increased jobber shipments.

In the meantime, M. Gentil telephoned the writer from New York stating he had learned from the P.P.G. while visiting Pittsburgh two or three days earlier, that there was some objection to adopting the increase of 5% which Franklin also had advised their Agents to adopt.

In order to discuss this matter fully a meeting in Pittsburgh was arranged and Messrs. Vance, Husted, Pasquier and Gentil attended.

M. Gentil at the outset supported the writer in urging the adoption of a general 5% increase but after a protracted session, it was decided to submit several modifications to you as follows :—

Notwithstanding the reluctance to adopt the 5% increase in all markets, as mentioned in our cable of August 8th, not only was it ultimately agreed to, but we were asked to enquire whether you would have any objection to applying the Argentine prices to other Latin American countries except Cuba and Mexico. We were pleased to receive your cable of the 16th August agreeing this proposal and immediately advised the A.M. . . .

CANADA. Up to the date of our meeting the P.P.G. had not adopted the 5% increase, but had insisted upon the 10% War Tax being paid by the customer. L.O.F.

stated they had also acted likewise which we think they did for a time, but as Hobbs had resumed ordering from L.O.F. soon after we advanced our prices it was apparent that L.O.F. had adopted our prices and absorbed the War Tax of 10%. After a long discussion between the three American Manufacturers, all parties agreed to put into effect the same prices as P.B."

(Exhibit A-365)

Pilkington, Toronto, to J. E. Harrison, Toronto, November 11, 1940 :

"Mr. H. L. Matthews of Matthews Brothers told us during a recent call, that the Hobbs Glass Limited had offered to supply them with Plate glass at the same price as they could buy it elsewhere, and that they would include this Plate in their own carloads. Mr. Matthews was definitely of the opinion that they would thus not pay the difference between carload and L.C.L. freight. Mr. Matthews, however, prefers to continue purchasing direct from the manufacturers, and is willing to pay the slight extra that it would cost him to purchase from Pittsburgh.

In view of the fact that Matthews Brothers do not get the special 10% allowed to members of the Association, the Hobbs Glass Limited could very easily do this without giving away part of their own bonus, so we presume that strictly speaking, there is nothing wrong with the transaction."

(Exhibit A-66)

Pilkington, Canada, to A. Alban, Toronto, November 13, 1940 :

"We are sorry to learn from yours of the 11th instant of the efforts of the Hobbs Glass Ltd. to obtain the Plate orders of Matthews Bros. This is contrary to the understanding reached during Mr. Harry Pilkington's visit last year, when the Jobbers were informed if a special discount was extended to the legitimate Jobbers, the Jobbers must not attempt to take orders from buyers who have always been regarded as Manufacturers' customers.

We therefore shall be taking this matter up in an appropriate manner and you may expect to hear from us again soon."

(Exhibit A-65)

Pilkington, England, to J. E. Harrison, Toronto, August 27, 1941 :

"We acknowledge with thanks the receipt of your letter of the 6th instant, giving us details of the A.M. exports for the month of June 1941, and of the P.P.G. Co. shipments to Canada of Thin Plate during the same period."

(Exhibit A-664)

Pilkington, England, to J. E. Harrison, Toronto, January 6, 1942 :

"We confirm the following cables exchanged with you. Your cable 5th January :—

'Pittsburgh enquire your present position respecting supplies export market fullstop presume no change your cable May 17th 1940'

Our reply 6th January :—

'Yours 5th our present position same as our cable May 17th 1940 stop Hope American Manufacturers will continue respect this position'

We can take care of all the Plate requirements for the British Empire and any other orders which we receive from other markets. In fact, we could do with more Plate orders if they could be obtained.

We very much appreciate the consideration the American Manufacturers have extended to our position in the various markets, and we hope they will maintain the same attitude."

(Exhibit A-368)

Pilkington, Canada, to Pilkington, England, January 31, 1942 :

"We confirm exchange of cablegrams as follows :—

Sent January 5, 1942.

'Pittsburgh enquire your present position respecting supplies export markets. Presume no change your cable May 17th, 1940.'

Received January 7, 1942.

'Yours 5th, our present position same as our cable May 17, 1940. Hope American Manufacturers will continue respect this position.'

We quite anticipated that you would reply to this effect and communicated your message to the Plate Glass Export Corporation's Secretary, who assured us the A.M. would respect your position in export markets."

(Exhibit A-367)

Plate Glass Export Corporation Notice, August 31, 1943 :

"TO CONVENTION INTERNATIONALE DES GLACIERIES, and
PILKINGTON BROTHERS, LTD., and each of them :

This notice is given under the provisions of Section 10 of the Declaration of Policy dated December 31, 1935, to which the undersigned Plate Glass Export Corporation, and Convention Internationale des Glaceries and Pilkington Brothers, Ltd., are parties.

Pursuant to action by the Board of Directors of Plate Glass Export Corporation at the adjourned annual meeting held on August 31, 1943, the undersigned Plate Glass Export Corporation hereby elects to terminate said Declaration of Policy and hereby gives notice of such election as provided in said Section 10 of said Declaration of Policy, with the intent and purpose that at the expiration of ninety (90) days from the date of this notice said Declaration of Policy dated December 31, 1935, as amended by any and all subsequent agreements or understandings, shall terminate

PLATE GLASS EXPORT CORPORATION

By S/d H. S. WHERRETT,

President.

(Exhibit A-255)

Pilkington, England, to Plate Glass Export Corporation, Pittsburgh, October 19, 1943 :

"We acknowledge receipt of your Notice dated August 31st, 1943, purporting to terminate the Declaration of Policy dated December 31st, 1935, to which the Plate Glass Export Corporation, and Convention Internationale des Glaceries and ourselves, are parties.

"We have taken due note of the Notice which you have served upon us."

(Exhibit A-253)

*Leland Hazard to R. B. Tucker, Vice-President, (Pittsburgh Plate Glass Company),
December 12, 1944 :*

"May I invite your attention to certain provisions of Canadian law regarding discriminatory prices.

"In virtue of articles 496 and 498 of the Criminal Code (R. S. C., c. 36), a conspiracy in restraint of trade is an agreement between two or more persons to do or procure to be done any unlawful act in restraint of trade. Every one who conspires or agrees with any other person or any transportation Company : (a) To unduly limit transportation facilities; (b) to restrain or injure trade or commerce; (c) to unduly lessen manufacturing; or (d) to unduly lessen competition in production, sale or transportation of any article or commodity, or unduly enhance the price thereof, is liable to a penalty not exceeding \$4,000 and not less than \$200 or to two years imprisonment, or if a corporation, is liable to a penalty not exceeding \$10,000 and not less than \$1,000. But nothing in the above may be construed to apply to combinations of workmen or employees for their own reasonable protection as such.

"By article 498-A of the Criminal Code every person engaged in trade is liable to a penalty of \$1,000 or one month's imprisonment or if a corporation to a penalty of \$2,000 who : (a) is a party to any sale which to his knowledge discriminates against the competitors of the purchaser in that a discount or rebate is granted to the purchaser over the discount or rebate available to the said competitors in respect of a sale of goods of like quantity and quality; (b) sells goods in any area in Canada at prices lower than exacted elsewhere in Canada for the purpose of destroying competition; (c) sells goods at prices unreasonably low for the purpose of destroying competition."

In my opinion these provisions of Canadian law require identical prices to all Canadian purchasers of the same class. It is particularly important that your prices be established and maintained upon the basis of your own classification of 'customers of the same class'; also that your classification be based upon *reasonable and uniform* criteria. Any arbitrary adherence to the classification of other sellers in Canada could bring into play the rigorous provisions of the first paragraph above as well as the provisions of the second paragraph.

You may prefer that I obtain the opinion of Canadian counsel and I shall be glad to do so. However, the statutory provisions are quite plain and I have no doubt that Canadian counsel would concur in my views."

(Exhibit A-144)

Pilkington, Canada, to Pilkington, England, January 9, 1945 :

"Several times during recent weeks Dick Tucker has expressed anxiety about the system of Bonuses in Canada and other countries and when we met in New York on the 14th ulto. handed us the enclosed letter addressed to him by their Counsel, Mr. L. Hazard, quoting several clauses of Canadian law regarding discriminatory prices and offering his opinion.

Mr. Tucker is very apprehensive that the Bonus system may come before the notice of the Authorities in the U.S.A. and in view of the current agitation respecting trade agreements in Canada he is fearful also of proceedings being taken against them, especially now that they have a substantial investment in the paint industry in Canada.

He fully appreciated that Mr. Wherrett had been kept well informed and had approved all the arrangements but stated he was very much surprised, when recently making a study of their export prices, to find there were such wide discrepancies in prices to various buyers and respectfully suggests you give consideration to amending the whole set up.

We pointed out that for many years it had been the practice of the Continental Manufacturers to grant bonuses and we had had to meet their competition. The same method of selling was continued when the Sales Agreement, now expired, was entered into.

An extreme example of what he considers dangerous is that one jobber will get 5% (fidelity) bonus whereas another firm enjoys 5 per cent, 10 per cent and 7 per cent. This is a wide discrepancy and, even making allowances for the difference in status of the two firms, appears to him to be discriminatory.

He asked us to say that it is far from his wish to criticise the policies of the European Manufacturers but recognising that you have long experience against severe competition, he would appreciate your reviewing the situation in the light of today's conditions, after which he would be very grateful for your advice and guidance.

His Company suggests the most desirable method is a one price system such as they and others follow in the Domestic market where they sell only to carload buyers irrespective of volume at their published net price list. To buy at this list however a buyer must be a jobber, the qualification for which in the U.S.A. is defined in Mr. Tucker's letter to us of 21st December, copy enclosed.

It is admitted that a graduated bonus system based on quantity would be justifiable but Mr. Tucker agrees with us there are sound reasons against its adoption, one of which is that it encourages the pooling of orders leaving the Manufacturers at the mercy of a few large merchants.

We ourselves do not favour recognising the American definition of a glass jobber as it would amount to an admission that the jobber has a right to sell to glass dealers and other wholesalers which, in the past, the Continentals and we have discouraged.

Regarding the 10% Bonus we informed Mr. Tucker that the outside jobbers were invited to join the Association to qualify for equal treatment but they all declined. He appreciates that at the time of its adoption it was deemed to be in the interests of the industry to favour Association members but suggests changed conditions and changed legalistic approach to commercial questions warrant reconsideration of this feature.

He mentioned that no Glass Trade associations function in the U.S.A. for the regulation of prices as it is unlawful, further the Authorities would be very critical of any discrimination in prices to export buyers.

We cannot help but feel that sooner or later price structures in various lines of trade will be subject to consideration by the Authorities as, already, we have received two requests for information about International Agreements, past and present, with which we are dealing in separate correspondence. Therefore assuming the Authorities ruled that the present selling arrangements were a contravention of the law, perhaps it would be opportune to visualise what would be the result of a revision of the present bonus system.

It should be borne in mind that any change made while the present W.P.T.B. regulations are in effect will probably force one or other classes of buyer to apply to the Glass Administrator for some selling price revision. For example, if our price to one of the smaller jobbers were to be reduced, the jobber, in compliance with regulations, must pass a corresponding reduction to his customer. On the other hand, an advance to the principal jobbers might cause them to ask the Administrator to permit higher selling prices which we are sure would be refused; it is just possible however that we might be able to persuade them to absorb the increase. Considering all the circumstances and in order to retain their goodwill we think it would be inadvisable to consider making any change in the net cost of Plate to those now enjoying 5 per cent, 10 per cent and 7 per cent.

As a matter of fact we do not think it would be advisable to make any change in the net cost to any category of jobber while the War is on and our suggestions which follow are respectfully submitted for consideration to be applied at the end of the European War.

Fidelity 5%. If you could agree to abolish the term 'Fidelity,' call it a trade discount and extend it to all buyers, the differential between the lowest category and highest would be reduced to 10 and 7% and accordingly reduce the apparent discrimination. This change would not need to wait until after the War.

10% for Association Members. We know it was your desire to maintain this preference to organised jobbers but we suggest revising to 5%. It would be necessary to explain to the participants that the Manufacturers are desirous of avoiding being accused of unduly favouring the important established jobbers as against the smaller dealers. If this bonus were

reduced to 5% and the Fidelity Bonus changed to a trade discount the differential between highest and lowest would then be 5% and 7%.

You will appreciate that this question does not affect L.O.F. because practically all their sales are made to Hobbs Glass Ltd. Franklin also are not affected.

We should welcome your advice. Mr. Tucker also anxiously awaits your views."

(Exhibit A-143)

Pilkington, England, to J. E. Harrison, Toronto, January 29, 1945 :

"In reply to your letter of the 9th January we have carefully reviewed the whole question and we feel that Mr. Tucker is being unduly alarmed by the legal gentleman.

Canadian law is made for Canadians, and the law regarding discriminatory prices charged by Canadians to Canadians. We take the view that we are at liberty to charge any buyer in Canada any price we like, and that it is up to the Canadian buyer to see that he does not transgress the Canadian law when re-selling the glass. We think we should want some very strong arguments to make us upset the present system of our sales, which operates practically all over the world.

There is no doubt that if we adopt a 'one price' policy, or even reduce the margin between buyers, we should antagonise the large buyers who have had the benefit of the bigger margins, and we should certainly lose heavily when the Continental manufacturers are free to export. They had a very definite policy before the war of differential prices to different buyers and we have no cause whatever to think that they will alter their attitude. In other words we feel sure that the Continentals will continue to give the best prices to the buyers who have the highest volume of sales, and if they can persuade any buyer to confine his purchases to them they will give him a bonus based on his capacity to buy.

As regards the fourth paragraph on the second page of your letter, we feel that the requests being made by the Canadian Authorities about International agreements can only refer to agreements which restrict the operation of Canadian companies, and the other letter which we have written to you on 'COMBINES INVESTIGATION COMMISSION' deals with this side of the question quite fully.

We appreciate Mr. Tucker's anxiety (which we cannot share) and you must sell him that we cannot consider any alteration in our sales policy—at any rate for the present."

(Exhibit A-142)

Joseph Taylor & Son, Toronto, to Union Commerciale des Glaceries Belges, Brussels, April 7, 1945 :

"We attach your report on Import of Plate Glass since 1940 up to the present time and with regard to prices which have prevailed and are now ruling, you will be interested to know that there has been no change whatever in the price schedule for Canada which according to our records was dated August 21st, 1940, this together with various discounts, bonus, etc., have remained identical and Plate Glass from Pittsburgh Plate and also from Libby-Owens has been sold in Canada and is selling now at these same prices, but English Plate Glass we believe has been sold at the same price with the exception of some of the larger brackets which are sold at a slightly lower price due to some tariff reduction arrangement."

(Exhibit D-58)

Pilkington, England, to L. J. B. Forbes, Toronto, December 17, 1945 :

"During the meeting at Pittsburgh on November 14th the P.P.G. Co. suggested that we should withdraw the sale of Stock Sizes of Polished Plate Glass in Canada below 10 feet super. They do not sell in the American domestic market Stock Sizes under 10 feet super., and they are anxious to extend the same practice to Canada.

We would have no objection for glass of ordinary substance not exceeding $\frac{3}{8}$ ", but the sale of Stock Sizes in the smaller brackets is so small in comparison with total Plate sales in Canada that we feel it is really not worth while disturbing the trade, particularly as the continental manufacturers will be back in the market next year and will undoubtedly offer Stock Sizes of all brackets in conformity with their usual practice in all export markets. We must also bear in mind that there is a sale for Thick Polished Plate $\frac{1}{2}$ " upwards in Stock Sizes in small brackets, the prices of which are based on the tariff for ordinary substances, with flat rate extras for thicknesses. We should not like to make any alteration in our prices for that trade any more than we would for ordinary Cut Sizes under 10 feet super.

During the same discussions reference was also made to the method of measuring Polished Plate Glass Circles. The American method is to measure by even inches only, after allowing a cutting tolerance of $\frac{1}{4}$ ", i.e., the largest circle which can be cut out of a charging size 20 x 20 is 19 $\frac{3}{4}$ " diameter, and a 20" diameter circle would be charged 22 x 22". The A.M. suggest that this basis of measuring should be adopted for the Canadian market. Our

own practice for Polished Plate Circles not exceeding $\frac{3}{4}$ " thick is to add 1" to the diameter and measure as a rectangle to the full inch., i.e., $19\frac{3}{4}$ " or 20" diameter circle would be measured as 21 x 21". No special provision is made in continental tariffs for the measurement of circles, and we believe they would simply measure them as rectangles to the full inch without additions, i.e., $19\frac{3}{4}$ " or 20" circles would be measured 20 x 20".

As in the case of small Stock Sizes, we feel that continental practice cannot be ignored as they will certainly be returning to the market soon, and the effect of their practice must inevitably be taken into consideration. We ourselves sell very few circles other than Thick Plate, but we doubt the advisability of putting ourselves out of court vis-à-vis continental practice. In general, therefore, we feel it would be better to let both these matters rest."

(Exhibit A-661)

Pilkington, England, to L. J.-B. Forbes, (Pilkington, Toronto), February 21, 1946 :

"As to Mr. Tucker's qualms about differential prices, you can now tell him that in the opinion of our legal advisers 'It is absolutely reasonable and not contrary to the law to allow a purchaser of a large quantity of a commodity a greater discount than a purchaser of a smaller quantity.' It is also their opinion that 'The discount allowed to members of the Association is unobjectionable in view of the fact... that any dealer may become a member of the Association.' Furthermore, they hold the same opinion with regard to the so-called fidelity bonus.

At that, it seems to us, the matter can be allowed to rest unless raised again by the Combines and Investigation Commission, but with regard to Clare Wood's suggestion to unify Association methods throughout the Dominion, we entirely agree with you that in present circumstances it is better to keep the Associations localised and varied in their terms."

(Exhibit A-148)

Union Commerciale des Glaceries Belges to Joseph Taylor & Son, Toronto, March 25, 1946 :

"The time has now come when glass is available in our works and we are therefore in a position to quote prices and offer our products for export to Canada.

We must however point out that on account of the heavy duties imposed on our products as compared with the excessive preference granted to the British Manufacturer's products, we have to depart from the way of quoting as existing pre-war. We feel therefore bound to offer our plate glass at the enclosed prices which may come higher than Pilkington's landed cost but we have unfortunately to reckon on this side on increases in general charges, in transportation costs (rail and sea freight and insurance) and on high prices for the timber used to make our cases.

The enclosed prices which are subject to NO rebate for Association Members, NO fidelity bonus and NO yearly bonus, could be considered by you as the prices to be charged to the Association members. For people outside the Association, they could be increased by one or two cents according to your opinion and on condition that orders are confirmed by Association Members. Of course if the Members of the Association as a whole or a majority of them are not interested by those prices, you could offer our plate glass at those prices to any people liable to buy and so long as the money is secure.

As far as the Big Buyers are concerned, it is quite possible that they will not approve of those prices being offered to all the Members of the Association (big, medium and small buyers). We must say however that—exception being made for the orders proposed by the Consolidated Plate Glass Co.—the important Canadian Buyers have not shown any particular anxiety to see our products returning on the Canadian market. In fact; some of them do not appear to know or to bother whether we still exist or not. We may even tell you confidentially that Mr. Wood of the Hobbs Glass Co. has been over to this country a few days ago and although he did call upon people in this same street, he apparently did not find time or see his way to walk a further hundred yards to pay us a visit. He then went to Paris to visit the St. Gobain people after having ignored us altogether."

(Exhibit D-89)

Minutes of Sales Committee Meeting (Pilkington, England) — Canadian and Newfoundland Survey — Monday, July 8, 1946 :

"Minute No. 2

Special Arrangements

It was agreed not to make any changes in the Special Bonuses and Fidelity Discounts at present allowed."

"Minute No. 19

Agreement with American Manufacturers on Conditions of Sale

The Committee considered that the American Manufacturers' reply to our suggestions showed that they have amended their arrangements without reference to us. A separate letter is being written to Canada in this connection."

(Exhibit A-141)

Hobbs Glass Limited to Pittsburgh Plate Glass, July 12, 1946 :

"The removal of the exchange differential between Canadian and United States money renews an old problem in the plate glass field.

As things now stand, Canadian jobbers, whether they are on the plate glass list or not, can buy glass cheaper in the United States from a jobber than they can directly from the factory.

This is not a threat at the moment because of a shortage of plate glass but just as soon as plate glass becomes plentiful, companies like Middlesex Furniture Company will be buying in Detroit.

I don't know that there is anything we can do about it but we should be giving it some thought."

(Exhibit B-199)

Pilkington, England, to L. J.-B. Forbes, Toronto, October 1, 1946 :

"We are in receipt of your letter of the 21st September enclosing details of L.O.F. shipments of Plate Glass for the first eight months of 1946.

As the L.O.F. seem to be very nervous about communicating figures to the P.P.G., we think the arrangement you suggest, that you should collect the figure from the various manufacturers individually is a good one, and we hope that Tucker will not raise any objection.

We do not see any objection to your supplying copies of our figures to each of the three firms, and we hope that you will very soon be able to obtain the figures from the other two manufacturers so that we can complete our records."

(Exhibit A-260)

Pilkington, Canada, to Pilkington, England, October 7, 1946 :

"Thank you for your letter of 1st October. I will raise the matter with Mr. Tucker [Pittsburgh Plate Glass] when Mr. Harry and I see him early in November."

(Exhibit A-259)

Pilkington, Canada, to Pilkington, England, February 4, 1947 :

"With reference to our letter of November 2nd enclosing A.M. figures for the period January to August 1946, A.M. have now advised us that Franklin made the following shipments of Plate Glass during January 1946 :—

Canada	3,119 sq. ft.
Cuba	13,420 " "
	<hr/>
	16,539 " "

Their previous list had not shown any shipments for Franklin.

We are sorry the A.M. have not yet given us the figures for September to December, but we shall obtain these at the first opportunity.

P.P.G. advise that they made the following shipments of Thin Plate to Canada :—

September	50,079 sq. ft.
October	43,924 " "
November	43,717 " "
December	105,843 " "

(Exhibit A-263)

L. J.-B. Forbes to A. Alban, Pilkington, Toronto, March 19, 1947 :

"Middlesex Furniture Company

L.O.F. were asking how this firm were being treated. I think this was one of the concerns which Pittsburgh complained about. Perhaps you will give me a note on the situation so that I may advise them when I am next in the States."

(Exhibit A-71)

Pilkington, Canada, to Pilkington, England, May 23, 1947 :

"We have now received export figures from P.P.G. and L.O.F. and enclose statements herewith covering the following periods : —

P.P.G. — Franklin Sept./December 1946

L.O.F. — Sept./December 1946 — Jan./Feb. 1947."

(Exhibit A-262)

G. H. Wilson, Hobbs Glass Limited, to C. F. Wood, Hobbs Glass Limited, May 28, 1947 :

"British American Belgian Union

10/15'	42	46	47
15/25	44	48	48
25/50	46	51	55
50/75	50	53	61

The prices as above do not take into consideration the special duty allowances we get from American and British. Note, however, on direct boats to Toronto we get price from Courcelles equalling British except for special duty allowances. Belgian cut sizes for mirror purposes would have to be selected glazing which would make costs prohibitive. Even their glazing quality cut sizes a little higher than others."

(Exhibit B-235)

APPENDIX IV

INTERNATIONAL PLATE GLASS CARTEL

Pilkington's Discount List

"Confidential	CANADA — (except B. C.)	28.6.40		
		Bonus, as from July 1, 1940	Fidelity 5% Half yearly	Assoc'n members 10% June 1/40
MARITIMES :				
W. H. Thorne & Co. Ltd.	St. John	Nil	Yes	Yes
Murray & Gregory Ltd.	St. John	Nil	Yes	Yes
Reardon Glass & Paint Co.	Halifax	Nil	Yes	Yes
Halifax Glass Works	Halifax	Nil	Yes	Yes
Sumner Co. Ltd.	Moncton	Nil	Yes	Yes
Chappells Ltd.	Sydney	Nil	Yes	No
QUEBEC :				
Lepine Vitre Reg'd (C.P.G.)	Quebec	Nil	No	Yes
Gauthier Ltée.	Quebec	3%	Yes	Yes
Simard & Frère Ltée.	Quebec	Nil	No	Yes
J. P. O'Shea & Co. Ltd.	Montreal	7%	Yes	Yes
Wisintainer & Co.	Montreal	3%	Yes	No
Canadian Plate Glass & Mirror Co.	Montreal	3%	Yes	No
Charlebois, Joseph	Montreal	3%	Yes	No
Star Glass Co.	Montreal	3%	Yes	No
Acme Glass Co. Ltd.	Montreal	Nil	Yes	No
W. J. Carson Ltd.	Ottawa	3%	Yes	Yes
Duford Limited	Ottawa	3%	Yes	Yes
Capital Glass & Paint Co. (C.P.G.)	Ottawa	Nil	No	Yes
ONTARIO :				
Advance Glass & Mirror Co. Ltd.	Toronto	5%	Yes	Yes
Canadian Plate & Window Glass Ltd.	Toronto	5%	Yes	Yes
Excelsior Plate Glass Co. Ltd.	Toronto	Nil	Yes	Yes
Queen City Glass Co. Ltd.	Toronto	5%	Yes	Yes
Matthews Brothers	Toronto	3%	Yes	No
Atlas Plate Glass Co.	Toronto	Nil	Yes	Yes
New Toronto Glass & Mirror Works	New Toronto	Nil	Yes	No
Scott Glass & Mirror Co.	Toronto	Nil	Yes	No
Tait Plate & Window Glass Co.	Kitchener	5%	Yes	Yes
Glass & Mirrors Co.	Stratford	5%	Yes	No
Bennett Glass Co. Ltd. (C.P.G.)	Windsor	Nil	Yes	Yes
Lloyd's Glass Co.	Hamilton	5%	Yes	Yes
Campbell Bros. of Hamilton Ltd.	Hamilton	Nil	Yes	No
Wm. Briscall Co.	Niagara Falls	Nil	Yes	No
Niagara Glass Co.	Niagara Falls	Nil	Yes	No
Dundas Plate Glass Co. Ltd.	Dundas	3%	Yes	No
PRAIRIES :				
Winnipeg Paint & Glass Co.	Winnipeg	3%	Yes	Yes
Consolidated Plate Glass (West) Ltd.	Winnipeg	Nil	Yes	Yes
Regina Plate Glass Co.	Regina	3%	Yes	Yes
Western Manufacturing Co.	Regina	Nil	Yes	Yes
W. H. Clark Lumber Co. Ltd.	Edmonton	3%	Yes	Yes
Edmonton Paint & Glass Co.	Edmonton	3%	Yes	Yes
Consolidated Plate Glass Co.	All Branches	7%	Yes	Yes
Hobbs Glass Company Ltd.	All Branches	7%	Yes	Yes
Duplicate Canada Limited	For Mirrors only	7%	Yes	Yes
Motor Products Company	1/4" Plate only	5%	Yes	Yes
Ford Motor Company		5%	?	?

PACIFIC COAST — BRITISH COLUMBIA

<i>Name of firm</i>	<i>Town</i>	<i>Rate of premium (1-8-38)</i>	<i>Assoc'n members</i>
Bogardus Wickens Limited	Vancouver, B.C.	10%	Yes
Holt & Son, W.	Vancouver, B.C.	8%	Yes
Mellor Brothers Company Ltd.	Victoria, B.C.	8%	Yes
Melrose Company Limited	Victoria	8%	Yes
Messerschmidt & Sons	Victoria	8%	Yes
O'Neil Company Limited, Wm. N.	Vancouver, B.C.	8%	Yes
Western Glass Company Ltd.	Vancouver	8%	Yes
Hobbs Glass Company Ltd.	Vancouver	10%	Yes

All above allowed 10% Association Members' discount."

(Exhibit A185 & A186)

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